Austria	Sch30	Indonesia	Rp3100	Pakistan	Rs35
Bahrain	Din0.900	Iran	Rls210	Philippines	Peso48
Belgium	BFr60	Israel	Shk4.30	Poland	Zl 15,000
Cyprus	C£1.00	Italy	L2200	Portugal	Es175
Czech	Kcs30	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr13	Korea	Won 2000	S.Arabia	SR9.00
Egypt	E£3.50	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,000	Spain	Pta175
France	FFr8.00	Lux	LFr60	Sweden	SKr13
Germany	DM3.00	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Nth	Fl 3.50	Thailand	Bht50
Hungary	Ft145	Nigeria	Naira15	Tunisia	Din0.800
Iceland	IKr180	Norway	NKr15.00	Turkey	L5000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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MANAGEMENT
British companies stay in the dark
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World News

Belgian PM suffers blow in early poll projections

The Belgian coalition government of Wilfried Martens suffered setbacks in the general elections, while environmentalists and an extremist anti-immigration party made significant gains, according to early projections. Page 16

Sununu in trouble
Embattled White House chief of staff John Sununu faces a further barrage of criticism with a number of Bush supporters reluctant to join the president's re-election campaign if he is in charge of it. Page 2

Israel accuses US
Israeli ministers angrily accused the US of forcing the government's hand on the next round of Middle East peace negotiations and of snubbing prime minister Yitzhak Shamir. Page 3

UK prisoner home
Ian Richter, UK businessman freed after more than five years in a Baghdad jail, arrived in London aboard United Nations envoy Prince Sadruddin Aga Khan's executive jet. UK acts on exports, page 3

Belfast jail blast
One man, believed to be a prisoner, was killed and nine others injured, some seriously, in an explosion at Belfast's top security Crumlin Road jail.

Riot over stadium
Four people died in a clash between supporters of South Africa's African National Congress and the rival Inkatha Freedom Party over the use of a stadium near Richard's Bay. ANC role, page 3

Kenya aid ban plea
A leading member of Kenya's main opposition movement called on the country's aid donors to suspend further assistance until the government makes a firm commitment to hold multi-party elections. Page 3; Crisis of credibility, page 15

California clean-up
California, which has long had the toughest clean-air regulations in the US, has adopted new standards on petrol that could result in a 30 to 40 per cent reduction in pollution-causing emissions. Page 3

Asia's nuclear curb
Prospects of an agreement to limit the spread of nuclear weapons in South Asia brightened significantly as India changed its negotiating stance. Page 3

Mitterrand unpopular
The popularity of French president François Mitterrand has slumped to a near-record low. An opinion poll in the Journal du Dimanche showed only 28 per cent back his policies.

Italian poll challenge
Christian Democrats' traditional dominance in the big north Italian city of Brescia came under threat at the ballot box from the autonomist Lombard League in the last big political test before next year's general election. Page 2

Floods hit Venice
Strong winds and torrential rain lashed Italy, flooding St Mark's Square in Venice and stranding ferries in Sicily.

UN in Phnom Penh
A United Nations military mission arrived in Phnom Penh a month after Cambodia's rival factions agreed to end 13 years of civil war to assess how many UN peace-keeping troops would be needed.

Travelling hopefully
British commuters have bet £100 ($177) at odds of 10-1 against 11 of British Rail's teatime London-Norwich services being on time over the next 20 weekdays.

Business Summary

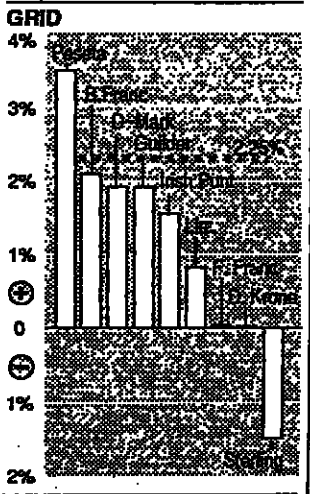
UK gives assurance on export credit agency

The UK government is fully committed to maintaining the Export Credits Guarantee Department, Tim Sainsbury, trade minister, said.

Exporters had feared that the government intended to abolish the state-owned export credit agency. Their concern had grown in recent weeks after the resignation of the department's widely-respected chief executive. Page 16

EUROPEAN Monetary system: Sterling faced its biggest challenges in the EMS as the strength of the D-Mark, peseta, and French franc left it languishing at the bottom of the grid. Intervention from the Bank of Spain narrowed the peseta's lead on the grid, giving sterling some breathing space. The D-Mark continued to benefit from speculation over tighter monetary policy before the end of the year. Currencies, Page 27

EMS November 22, 1991



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

BANKING: Istituto Bancario San Paolo di Torino, soon to be Italy's biggest bank, has confirmed it should also be one of the best-capitalised, following plans for an initial public equity offering to raise a minimum L1,250bn ($1.04bn). Page 19

DAIMLER-Benz, German industrial group, has signed a letter of intent to start licence production of Unimog trucks in Russia. Page 4

NEWS Corporation, debt-laden media group, has taken the next important step in the restructuring of its debts by winning a three-year extension and more favourable terms for $3.2bn in loans from its main banks. Page 17

BRITISH Airways might own as much as 80 per cent of a joint holding company it is considering setting up with KLM Royal Dutch Airlines to run their merged passenger airline operations. Page 17

PHILLIPP Holzmann, big German contractor, is collaborating with British and Austrian partners to redevelop the site of what was once one of Europe's most modern car assembly plant. Page 2

AUTOMOTIVE industry: World new car demand is expected to contract this year by 2.9 per cent to 34.4m from 35.5m in 1990, the largest sales reduction since the 1980/1 recession. Page 4

FT Ordinary Share Index: Hawker Siddeley is being replaced in the FT Ordinary Share Index by Reuters Holdings with effect from today.

Enlargement may follow Maastricht

EC may admit new members if union is agreed

By David Buchan in Brussels

THE European Community is likely to give immediate consideration to the admission of new members if agreement is reached on European political and monetary union at Maastricht.

President François Mitterrand and some other EC leaders have proposed that, if the union negotiations end successfully in the Dutch town in two weeks' time, the European Commission should be formally asked, perhaps in the summit's written conclusions, to start studying the enlargement issue, EC officials said yesterday.

Signs that this new chapter in the EC's development is opening came this weekend, when the 17 members of the EC executive held a preliminary debate on how and when to admit new member states.

Five states – Austria, Sweden, Turkey, Cyprus and Malta – have already applied and at least five more – Poland, Czechoslovakia, Hungary and, with some reservations, Finland and Switzerland – have indicated their interest in doing so.

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Knife out for a fair deal: Ray MacSharry interview ....Page 32

This plethora of candidacies has led to growing acceptance, in Brussels and EC capitals, that enlargement is inevitable and that, for the first time, an overall approach needs to be taken.

In discussing various options this weekend, the majority of Commissioners rejected the idea of taking all applicant countries in at the same time.

Such a "big bang" approach has had some proponents in Brussels, who say that it would force the EC into radical institutional reform, including an extension of majority voting beyond that foreseen in the Maastricht treaty.

But most Commissioners said the applicant countries' interests and problems were too diverse to be accommodated all together.

Most Commissioners prefer the approach espoused by Mr Frans Andriessen, the external affairs commissioner. He argued that the applicants should be organised into different groups, and admitted into the EC in successive waves – members of the European Free Trade Association (Efta) first, and others later.

However, there were mixed reactions to Mr Andriessen's idea for a European Political Area, which would serve as a sort of "holding pen", particularly for central European states worried about their security, in the same way that the recently-negotiated European Economic Area is to serve as a half-way house for Efta countries on their road to EC membership.

Some commissioners felt that the European Political

Continued on Page 16

A Serbian volunteer rests outside the Croatian town of Vukovar after its capture by the federal army. The United Nations is trying implement a lasting ceasefire as a precondition for sending international peace-keeping troops into Croatia. Report, Page 16

Major urged to rebuke Thatcher

By Ivo Dawnay, Political Correspondent

BRITAIN'S prime minister, Mr John Major, faces growing pressure to publicly reprimand Mrs Margaret Thatcher, his predecessor, over her outspoken demands for a referendum on any deal that might emerge from the European Community summit at Maastricht.

But with just a fortnight to go before the crucial heads of government meeting, senior ministers say Mr Major wants to hold his fire until the outcome of the negotiations on treaty changes are known.

If Mrs Thatcher's attacks on the government's rejection of the plebiscite option continue this week, however, insiders close to the Tory leadership believe the government will have no alternative but to respond.

One minister said yesterday that the question now centred on whether it would be better to hit back now or let Mrs Thatcher "blow off steam" before delivering a public slapping down after the summit was over.

Labour attacks Tory policies on Europe ..Page 5
Is Mrs Thatcher listening?................Page 32

"We will obviously be driven sooner or later by events," he said.

His comments came after Mr Norman Tebbit, the former party chairman, had used a television interview yesterday to repeat warnings that "an almost unstoppable momentum" was now gathering pace for the creation of a United States of Europe.

Defending his former leader's stance, he insisted that there was "no doubt at all" Mrs Thatcher wanted the Tories to win the election. But he claimed that her opposition to a single currency was shared by the majority of the electorate.

That view appeared to be born out by a Mori poll, published in the Sunday Times, which showed 56 per cent backing a plebiscite on a single European currency with 32 per cent opposed.

Close supporters of Mr Major believe that so far backbench reaction to the more vocal opponents of any agreement on political and economic union has proved an adequate response to the opponents of closer European integration.

At the weekend, several senior Conservatives including Sir Norman Fowler, the former social security secretary, and Sir Marcus Fox, a vice-chairman of the party's 1922 backbenchers' committee, expressed outrage at Mrs Thatcher's remarks.

Once a fiercely loyal supporter of the former prime minister, Sir Norman said her comments in a television interview on Friday would be taken as an attack on Mr Major. "If she goes on like this she will lose us the general election," he said.

While some backbenchers consider themselves opponents of closer European union, there has been disquiet that Mrs Thatcher's remarks will split the party and hasten a Labour government.

Mr Anthony Beaumont-Dark, MP for Birmingham Selly Oak, said that while he would fight a single currency he believed her behaviour was that of a "bad loser" in the leadership battle fought out a year ago.

Commissioner seeks EC wage guidelines

By David Goodhart and Andrew Hill

THE European Community could establish an EC-wide minimum wage after further economic convergence between member states, according to Mrs Vasso Papandreou, the European social affairs commissioner.

Mrs Papandreou told the Financial Times that in the medium term she did not foresee EC legislation in this area but did not want to rule out Brussels laying down guidelines.

However, on Wednesday her directorate will present the Commission with a non-binding "opinion" on "equitable wages" which says: "The Commission has no intention either to legislate or to produce binding instruments on remuneration." The Commission has always ruled out legislation on wages except when these are related to equality between the sexes.

Mrs Papandreou's comments and the timing of the opinion are both sensitive in view of the British government's known hostility to all forms of minimum wage legislation and its determination to resist any extension to the scope of EC social legislation at the Maastricht summit next month.

She said she would like to see the EC establishing general "criteria" for a minimum wage "and it would then be up to the social partners [employers and unions] to decide how, and whether, it should be applied".

One of Mrs Papandreou's officials said: "It is a sensitive

Continued on Page 16

UK companies attack BAe over Saudi contract talks

By David White, Defence Correspondent

BRITISH AEROSPACE is facing criticism by other UK defence companies about its handling of contract negotiations under Britain's £20bn framework arms supply deal with Saudi Arabia.

The companies accuse BAe, which acts as prime contractor for all supplies of equipment and services under the deal, of pressing its own interests ahead of its sub-contractors'.

One manufacturer with an important stake in the outcome of negotiations on new arms supplies said BAe's recent problems – including the abrupt resignation of chairman Sir Roland Smith, a steep fall in profits, a poorly received rights issue and a fall in UK defence orders – would "make it extremely difficult for them to take a balanced view".

The contractors have been reluctant to make their resentment public for fear of undermining the future of the deal, set up under two government-to-government agreements reached in 1985 and 1988.

However, one manufacturer has been trying to persuade Mr Alan Thomas, the Ministry of Defence's chief of defence export services, to "referee" the dispute.

Another contractor is understood to have sought intervention two years ago by the prime minister's office.

Companies involved in the Saudi programme were recently invited to a weekend meeting organised by BAe, but at least one declined to attend.

In spite of their complaints, companies praised BAe for its achievement in putting together the so-called Al Yamamah deal, Britain's biggest export package yet.

BAe is thought to be close to the end of lengthy negotiations with the Saudis for equipment contracts under the second phase of the agreement, Al Yamamah 2. These include further supplies of its own Tornado and Hawk aircraft in addition to more than 100 sold under Al Yamamah 1.

All other equipment supplies are channelled through BAe. Principal sub-contractors awaiting contracts in the second phase include Vosper Thornycroft and Westland. Vosper is completing three minehunters for the Saudi navy but is awaiting firm instructions to go ahead with further vessels. Westland expects to sell 88 Black Hawk helicopters, made under licence from Sikorsky of the US and worth more than £1bn.

However, it is thought the Saudis may initially purchase less than half this number.

BAe described the complaints as "a bit inevitable" because of the protracted nature of the Saudi negotiations. But it denied creaming off orders for itself.

It is believed that a large part of Al Yamamah funding has recently gone into projects for upgrading Saudi air bases through BAe's Ballast Nedam construction subsidiary.

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THE MONDAY INTERVIEW

"The first thing I do when I go into a negotiation is put myself in the other fellow's seat," says Ray Mac Sha EC agriculture commissioner, (left) who is close to achieving a radical reform of the Common Agricultural Policy
Page 32

FT SURVEYS THIS WEEK

WASTE MANAGEMENT: The huge increase in refuse poses problems for the environment. *(Tomorrow's survey).*

TODAY:
International Fund Management: US institutions pick up the baton, as British investors pause for breath.
See separate section.

TOMORROW:
Northern Ireland: The quest for internal harmony has taken some steps forward.
Waste Management: Climate of new rules for the disposal industry.

WEDNESDAY:
West Yorkshire: Nicely situated for the single market.

THURSDAY:
Bristol: Cloudy outlook for a bright city.

FRIDAY:
Channel Islands: Facing the challenge of new competition in Europe.

White House chief accused of arrogance

Criticism of Sununu grows from both sides

By George Graham in Washington

MR John Sununu, the embattled White House chief of staff, faced a further barrage of criticism and a politically damaging hand count against his position yesterday.

A deepening rift within the Bush administration and its Republican supporters in Congress has turned into a battle over Mr Sununu's position, with congressmen speaking out and firmly placing themselves in the "for" or "against" camps. A number of Bush supporters are reportedly reluctant to join the president's re-election campaign if Mr Sununu is to be in charge of it.

Mr Sununu has come under fierce attack from conservative Republicans, who complain that he has held up action to stimulate the flagging economy, and from Bush loyalists, who fear that his arrogance and political insensitivity could damage the president's chances of re-election next year.

Some senior Republican senators yesterday came to Mr Sununu's rescue, however, after a week in which he had received as many barbs from his own party as from the opposition Democrats.

"I happen to think President Bush is doing a good job and John Sununu is doing a good job," said Senator Robert Dole, Republican leader in the Senate. "I believe John Sununu has done a good job in dealing with the problems in the White House," added Senator Phil Gramm, a conservative Republican from Texas.

However CNN reported that a group of 81 conservative Republican congressmen had written to Mr Bush complaining about the lack of White House leadership in domestic policy, the area directly under Mr Sununu's control.

The letter called on the president to give the domestic policy portfolio to Mr Jack Kemp, the outspoken conservative secretary of housing and urban development, who has angered Mr Sununu and others in the cabinet by breaking ranks over economic policy.

"We must declare war on our domestic ills. Jack Kemp is the man to lead the war," the letter said.

The White House, meanwhile, continues to claim that its problems have less to do with policy than with public relations, and hopes to regain the initiative with a series of trips designed to demonstrate Mr Bush's concern for domestic issues.

US efforts divert flow of Haitian boat people

By Canute James in Kingston

US EFFORTS to return Haitian boat people seeking asylum have diverted the flow of refugees to other parts of the Caribbean.

About 1,200 Haitians have turned up in Cuba and Jamaica, Haiti's closest neighbours, in the past four days, and officials in both countries say they are preparing to house many more.

The Haitians are being diverted by a cordon of 20 US coast guard and navy vessels around Florida. Boat people who are intercepted are being taken on board and their small, often unseaworthy boats are burnt. About 3,000 Haitians are being held on the boats and at the US naval base at Guantanamo Bay, Cuba.

The Cuban government says it is sheltering more than 1,000 Haitians on the east coast. These included 60 survivors of a shipwreck just off the coast last week. About 100 bodies have been recovered and 40 more are still missing, presumed dead.

In response to a US request for help in housing the refugees, Venezuela agreed to take about 200 and Honduras about 150. Belize and Jamaica said they could each accommodate 100, while Trinidad and Tobago said it was studying how many it could take.

A Jamaican official said yesterday that Jamaica, and other countries in the Caribbean, did not have the money or the facilities to take care of large numbers of Haitian refugees, but that those who arrived would be cared for.

The US says the Haitians are not political refugees, but potential illegal immigrants. A forced repatriation ordered last week by President Bush was suspended after a federal judge in Miami ruled that it was of questionable legality.

The volume of Haitian refugees increased after the military overthrew President Jean-Bertrand Aristide at the end of September. Refugees say they are escaping an army which is murdering anyone suspected of having voted for Mr Aristide in the election last December.

CD's hold on Brescia under threat

By Haig Simonian in Milan

CHRISTIAN Democrats' traditional dominance in the big north Italian city of Brescia came under threat at the ballot box yesterday from the autonomist Lombard League, as voters in 22 towns went to the polls in the last big political test before next year's general election.

The league has previously won up to 20 per cent of the vote in some north Italian strongholds, and the latest poll will be an important barometer of its fortunes after recent internal rifts and accusations of autocratic behaviour against its leader, Mr Umberto Bossi. Being pipped at the post would be a severe blow to the Christian Democrats in Brescia, where the Catholic church remains influential.

With polling booths not closing until this afternoon the Brescia results will not be known until evening.

Lisbon to offer EC convergence plan

By Patrick Blum in Lisbon

THE Portuguese government has approved an economic convergence plan to present for approval by the European Community at the next meeting of EC finance ministers on December 16.

The plan, based on an earlier National Transition Adjustment Programme for Monetary and Economic Union (Quantum), aims to hasten convergence with Portugal's richer EC partners by bringing inflation down to the EC average by 1995 while maintaining a higher-than-average rate of growth.

The aim is to ensure that Portugal can fully participate in and reap the benefits of European economic and monetary union (Emu).

The plan foresees a gradual reduction of the public sector deficit from around 5.5 per cent of gross domestic product (GDP) now, to 4 per cent next year and 3 per cent over the 1993-95 period. Inflation, which is forecast to be about 11.5 per cent this year, is expected to fall to 7-9 per cent in 1992, then to 4-6 per cent by 1995. The current account balance will remain roughly the same over the period, with a deficit of around 1 per cent of GDP.

The budget deficit will be reduced through an expected reduction of interest rates on the public debt, and by cutting spending. A fixed ceiling for public expenditure will be set and will have to be respected by ministries.

The government says public-sector wages will be allowed to rise above the rate of inflation to let them come closer to European levels, though the additional costs will be compensated by productivity improvements in public services, with more emphasis on quality. Privatisations will also help to reduce spending, as more industries and services are transferred to the private sector.

Tajiks test communist old guard

By Gillian Tett in Dushanbe, Tajikistan

THE Soviet central Asian republic of Tajikistan voted for a new president yesterday in an acid test of how far the old communist leadership can retain control in the face of an increasingly powerful Islamic and pro-democracy opposition.

The republic's first direct presidential elections have centred on two candidates: Mr Rakhman Nabiyev, a former hardline Communist party leader in the republic, and Mr Davlat Khudonazarov, a former deputy of the USSR Supreme Soviet, who represents an alliance of the main opposition parties.

Mr Nabiyev staged a communist counter-coup in the aftermath of the August putsch in Moscow. In early September, he ousted the former leader, Mr Kakhar Makhkamov, also a communist although arguably less hardline, and seized power as a pro-market nationalist.

After several weeks of protests organised by the Islamic and Democratic parties he was forced to step down to hold elections. The Communist party was suspended.

Most observers still believe he could win the election. In a republic where political affiliations are dictated by regional loyalties more than ideological niceties, Mr Nabiyev, a northern Tajik, has the backing of the powerful north.

He is also supported by many of the republic's 7 per cent Russian population who are increasingly nervous of the rapidly spreading Islamic party. He can also count on the support of the large number of Communist party members who remain determined to hang on to power and hope the party will be reinstated.

Mr Nabiyev's victory, though, is by no means guaranteed. Mr Khudonazarov, a film-maker from the south-eastern Pamir mountains, is supported as a compromise candidate by both the Democratic and Islamic parties which have until recently been suspicious of each other.

He enjoys popularity in many central and southern rural areas. In spite of the fact that central Tajiks have often been suspicious of Pamiris, his support from the Islamic party and official clergy have brought him favour among religious conservatives.

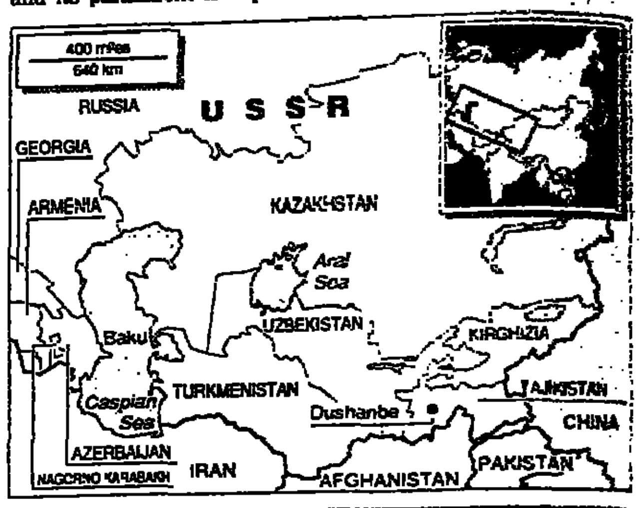
He is also backed by intellectuals who see in him their best chance of dragging the republic towards a market economy.

Turnout was estimated at 80 per cent and results are expected today. A run-off between the top two candidates will take place in two weeks' time if no one wins more than 50 per cent of the vote.

● Leyla Boulton adds from Moscow: A helicopter crash has threatened to bury efforts to end economic and guerrilla warfare between the republics of Azerbaijan and Armenia.

The helicopter, carrying a peace-making mission of Azerbaijani, Russian, and Kazakh officials, crashed last week in Nagorno-Karabakh, the disputed territory which is at the root of months of fighting between Azerbaijanis and Armenians, as well as a blockade of Armenian energy supplies.

Azerbaijan says it was shot down by Armenian guerrillas, and its parliament is expected tomorrow to consider measures including the cut-off of economic and political ties, and a law to secure a defence capability for Azerbaijan.



Protesters loyal to Lenin

Some 600 demonstrators with Soviet flags and Lenin portraits rally in Moscow's Red Square yesterday, demanding that the revolutionary leader's body remain in the mausoleum there

Yeltsin fails to stir echoes of Gorbymania

HE SMILED to crowds, hugged a child for the cameras and told industrialists Russia could save a re-styled Soviet Union from anarchy, Reuter reports from Berlin.

Russian President Boris Yeltsin, treading the world stage for the first time since August's abortive coup in Moscow, took a step away from the political shadow of Mikhail Gorbachev. But his visit to Germany, which ended on Saturday, was unlikely to dispel all western reservations over a man whose image was long coloured by his conflict with the Soviet president. "This large, somewhat ungainly man has long been under-estimated in the west," the Berliner Morgenpost newspaper said.

Isolated chants of "Boris, Boris" were heard during a visit to the industrial city of Stuttgart. But there were no scenes to compare with the "Gorbymania" of Bonn in 1989.

Mr Yeltsin's three-day visit was watched as a test exercise not only by Bonn but by western allies.

His welcome with full military pomp set a precedent which will probably be repeated in other countries. Protocol experts steered a cautious course, acknowledging his stature without recognising Russia as a fully sovereign state, which would mean writing off the Soviet Union and, implicitly, Mr Gorbachev.

One central question troubles the west: Does Mr Yeltsin believe a union can be saved or is he preparing to lead Russia on a lone course, overriding conflicts with other republics?

On the answer all other economic issues depend.

Building links across borders

THE EUROPEAN MARKET

British construction companies have lagged behind continental ones in forging relationships, reports **Andrew Taylor**

PHILLIPP Holzmann, a big German contractor, is collaborating with British and Austrian partners to redevelop the site of what was once one of Europe's most modern car assembly plant.

The partnership is the latest in a series of cross-border acquisitions, stake-building and joint ventures between European construction companies anxious to find new opportunities for work and to protect themselves from cyclical downturns in domestic markets.

The catalyst has been the advent of the European Community single market under which economic, technical and physical trade barriers between member countries are to be dismantled at the end of next year.

French and German companies have been particularly active in acquiring stakes in construction companies from other EC countries. Phillipp Holzmann owns outright or holds strategic stakes in Austrian, British, Dutch, French and Spanish companies.

Holdings include a 20 per cent stake in Tilbury Douglas, the UK contractor and developer, which the owns the former Chrysler car factory at Linwood, in Scotland. Tilbury, Holzmann and Girozentrale, an Austrian bank, have formed a joint venture to redevelop the site.

Mr Mike Bottjer, Tilbury's chief executive, says the relationship with Holzmann will pave the way for collaboration on other European projects. Tilbury already has a joint venture with Holzmann and Jotsa, a Spanish contractor, to build a 370,000 sq ft industrial and office development south of Madrid. Jotsa is 50 per cent owned by Holzmann.

Mr Alan Cockshaw, chairman of AMEC, the British construction and engineering group, says British companies have been slower to realise the benefits of building trading relationships through taking stakes in contractors in other European countries.

AMEC recently announced the purchase of a 50 per cent stake in Kittelberger, a German building and civil engineering group. It also holds a 20 per cent stake in Serete, France's leading independent design engineering and construction management group.

Cross-border holdings

FRANCE	Stake in:	Country	Stake
Bouygues	Losinger	Czechoslovakia	85%
	Fercaber	Spain	70%
	Dragados	Spain	5%
SGE	Norwest Holst	UK	100%
Dumez	CFE	Belgium	34%
	McAlpine	UK	12%
	Hans Brochier	Germany	25%
	Dumez-Copisa	Spain	100%
Fougerolle	Maurice Delens	Netherlands	40%
GERMANY	**Stake in:**	**Country**	**Stake**
Bilfinger	Birse	UK	15%
Holzman	Ed. Ast	Austria	40%
	Hillen & Roosen	Netherlands	100%
	Jotsa	Spain	50%
	Nord France	France	100%
	Tilbury Douglas	UK	20%
Hochtief	Guaranti-Inseat	Italy	42%
	Hugo Durst	Austria	100%
	Ferrovial	Spain	Joint venture agreement

Source: Salomon Brothers

Mr Cockshaw says AMEC and Serete have identified 46 potential joint venture opportunities, including possible projects in Spain, Italy, Holland, and Belgium – countries where one or other of the two companies already have interests.

Mr Cockshaw says companies need to have a local base to stand any chance of winning profitable work. This may be achieved in three ways:

● By forming individual joint ventures with local companies on a project-by-project basis. This involves no long-term financial commitment but does not generate any extra business other than the job in hand.

● Acquiring an existing business outright. This can be costly and difficult. Contractors rely on the local knowledge and skills of their staff. These may leave if their company is subject to a contested bid from a foreign predator.

● Acquiring strategic stakes. This has been the most favoured route by German and French companies accustomed to taking cross-holdings in each other to cement trading relationships and as a defence against possible takeover bids.

The complex share structures of German and French contractors has it made it hard for foreign companies to buy into these markets.

Mr Ben Uglow, European construction analyst for Salomon Bros, the US investment bank which has produced a table showing foreign shareholdings held by principal European contractors, says: "Shares of the five biggest German contractors, Holzmann, Hochtief, Bilfinger, Strabag and Dywidag, are tightly held by each other or by banks. There are also large cross-holdings in France. Dumez controls GTM Entrepose. Générale des Eaux owns a majority of SGE and has a substantial stake in Fougerolle."

The British market by comparison is much more open. It has a great number of medium-sized contractors whose shares are publicly quoted and can be bought readily on the stock market.

The country was also one of Europe's fastest growing construction markets in the 1980s – UK construction output increased every year between 1981 and 1990. French and German efforts to buy British construction companies have diminished since the UK industry went into recession.

The strength of the British construction market in the mid-1980s may have distracted UK companies, making large profits in domestic house-building and commercial property development, from pursuing investment opportunities in continental Europe.

In France and Germany companies are valued for their size and market share. They are under less pressure to boost earnings than British contractors, which have to consider the impact on their share price of any acquisition which could dilute profits in the short term.

Mr Cockshaw of AMEC says: "It makes it difficult for British companies to justify purchases where these appear to dilute rather than enhance earnings. Continental companies because of their ownership structure can afford to take a more long-term view."

Attitudes however are changing. British contractors such as AMEC and John Bown, the engineering arm of Trafalgar House construction, property, shipping and hotel group, have been in the vanguard of those making continental European acquisitions, but other big British groups say they are poised to follow suit.

Meanwhile, attention is shifting eastwards. Companies which have traditional links with eastern Europe, particularly in the former east Germany, are likely to be the most attractive candidates for acquisitions and stake-building.

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INTERNATIONAL NEWS

ANC may join interim government next year

By Patti Waldmeir in Johannesburg

THE South African government hopes to bring the African National Congress (ANC) and other parties into a transitional government by the middle of next year, providing an administration to rule the country until a post-apartheid constitution is adopted.

This could involve a referendum of voters sometime in the first half of the year, possibly with white votes counted separately. The ruling National Party has said repeatedly it would submit major constitutional changes – if such are required – to white voters for their approval.

The setting up of a transitional or "interim" government is likely to be discussed when all-party talks begin next month on a new constitution.

The ANC is understood to believe that remaining obstacles to the talks, due to be held on December 20 and 21, can be overcome to avoid a further postponement. Negotiations were originally due to have begun this week.

Later this week, 22 South African parties will meet to make final preparations for the meeting, aiming to solve disagreements over who should convene the conference. The mainly Zulu Inkatha Freedom Party is objecting to the inclusion of churchmen in the convening committee, arguing that the churches are pro-ANC. Disagreements remain to be solved over who should chair the talks, and over how decisions should be taken.

The ANC hopes the December meeting will agree on broad principles for a new constitution, to be published at the conclusion of the meeting. This would pave the way for working groups to be set up to debate details.

National Party officials believe constitutional talks could take up to three years – until the end of the present government's mandate, which expires at the latest in early 1995.

The proposed transitional government would remain in place during this period. The transition to a fully representative new government might not be complete for a decade, National Party officials believe.

Details of how power would be shared within an interim government remain vague and will be the subject of tough negotiations. The government will insist the ANC agree to share not only power but responsibility in the new administration, while the ANC is concerned at taking political responsibility for the activities of the security services.

UK acts on food exports to Iraq

By Mark Nicholson

BRITAIN is likely to contact Baghdad next week to begin the process of exporting £70m worth of food and medicines to Iraq, following the return to Britain of Mr Ian Richter, freed on Saturday after almost six years in an Iraqi jail.

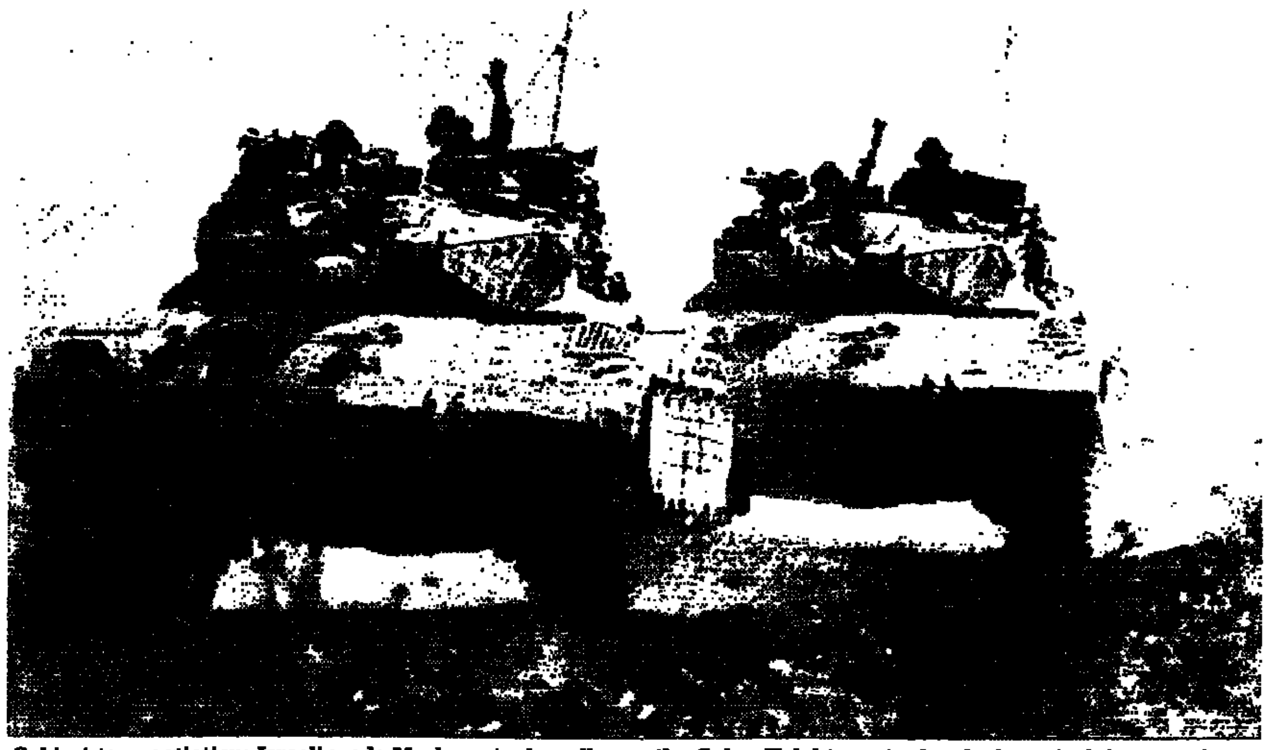
Mr Richter arrived in London yesterday on the jet of Prince Sadruddin Aga Khan, the UN special envoy for post-Gulf war relief operations. "It's great to be out," he said.

London had earlier told Iraq it would consider freeing some of the $1.1bn (£621.4m) in frozen Iraqi assets held by banks in Britain if Mr Richter and Mr Douglas Brand were freed. Mr Brand, an engineer imprisoned in Iraq on spying charges, was released in June.

The British Foreign Office said yesterday there was "no question of a deal" in securing Mr Richter's release. UN officials said King Hussein of Jordan had helped win the release.

The unfreezing of Iraqi assets frozen after it invaded Kuwait in August last year, which total some $4bn worldwide, is permitted under the UN's ceasefire resolution, but only to allow Iraq to import food, medical and related humanitarian supplies. Britain will be the first nation to unfreeze assets for this purpose.

Since April 1, Baghdad has requested and been granted £70m worth of export licences from Britain for such goods, which the Department of Trade and Industry said broke down into £40m worth of food, £20m for medicines and £10m for "other goods essential for human needs".



Subject to negotiation: Israeli-made Markava tanks roll over the Golan Heights yesterday during a training exercise

Israel angered at 'snub' by US

By Hugh Carnegy in Jerusalem

ISRAELI ministers yesterday angrily accused the US of forcing the government's hand on the next round of Middle East peace negotiations and of snubbing Prime Minister Yitzhak Shamir during talks in Washington last Friday.

Mr Shamir, who returned home last night, signalled that Israel would accept Washington's invitation to resume bilateral talks with Syria, Lebanon, Jordan and the Palestinians in the US capital on December 4, saying Israel remained committed to the peace process.

But he said he would consult with his ministers before giving a formal response. He said he had asked President George Bush to reconsider the question of the location of future talks and he hoped for a satisfactory answer within a few days.

While apparently resigned to resuming talks in Washington, Israel still wants them moved at a later date, to the Middle East, or to a nearby European site such as Cyprus.

Israel describes US move as an 'insolent ultimatum'

It has made this demand since the opening peace conference in Madrid three weeks ago and is upset that its case has been ignored by the US.

Mr James Baker, the US secretary of state, issued invitations for the next round last Friday. Israel was particularly annoyed, since Mr Shamir was in Washington at the time, under the impression that the issue was still open.

Mr Ronni Milo, the police minister, said the US had issued Israel with an "insolent ultimatum". "This attitude towards Israel won't help the peace process but will only harm it. This is what is called in language the Americans know well, counter-productive."

Mr Shamir said he had made clear to Mr Bush and Mr Baker his dissatisfaction with the way they had handled the location issue.

"It is becoming clear that the tendency on the Arab side is, regrettably, not to conduct negotiations with us but rather to talk to the American administration and through it to impose their unacceptable positions on us," Mr Shamir said.

The Israeli side was also angered by a warning to Mr Shamir not to raise with Mr Bush the issue of $10bn-worth (£5.6bn) of US loan guarantees which Israel wants to help it finance Soviet Jewish immigration.

Meanwhile, Jordan promptly gave its formal acceptance to the Washington talks. Yesterday, Mr Bassam Abu Sharif, advisor to Mr Yassir Arafat, the Chairman of the Palestine Liberation Organisation, said the Palestinians would also attend so long as their advisors, including PLO members, were granted visas.

Conference on financing opens in Paris today

Opposition urges donors to suspend aid to Kenya

By Michael Holman and Julian Ozanne in Nairobi

A LEADING member of Kenya's main opposition movement yesterday called on the country's aid donors to suspend further assistance until the government makes a firm commitment to hold multi-party elections early next year.

Speaking on the eve of a World Bank-chaired conference on aid to Kenya, which opens in Paris today Mr Paul Muite said any new money would be "mismanaged and stolen" by an "incompetent and corrupt regime".

Mr Muite is a prominent Nairobi lawyer who was among over a dozen supporters of the Forum for the Restoration of Democracy (FORD), an informal opposition coalition, arrested last weekend when they tried to defy a government ban on a FORD rally.

The Kenyan government, under pressure at home and abroad, is expected to face demands in Paris for rapid political change, an end to corruption, and faster economic reform.

Mrs Lynda Chalker, Britain's overseas development minister, has warned that "donors are going to be tough, and that includes Britain". Although she stopped short of openly threatening a cut-off in aid, she went on to say that Britain expected Kenya to hold multi-party elections next year.

Kenya's failure adequately to respond to donors' concern is already thought to have cost it well over $100m (£56.4m) during the past year, made up of aid cuts and delayed dispersal of loans and project finance.

Kenya is a long-standing ally of the west with military agreements with Washington and London. It is one of the leading aid recipients in sub-Saharan Africa, and has around £1bn of British investment.

Officials in the Kenyan delegation to Paris say that they are not treating the meeting as a pledging session, but rather an opportunity to seek broad support for Kenya's economic investment programme.

But they will be wanting to sound out prospects for closing a financing gap between existing resources and anticipated needs of around SDR270m (£210m) for the coming 18 months.

The delegation, led by Kenya's vice-president and finance minister, Professor George Saitoti, is expected to point out that President Daniel arap Moi has already raised the possibility of multi-party elections in two to three years. Last week the president sacked Mr Nicholas Biwott, the minister allegedly at the heart of a corruption scandal.

As well as claiming successful economic policy changes, such as reform of the financial sector, maintaining a realistic exchange rate, trade liberalisation, and ending most price controls, Mr Saitoti will defend government failure to meet budget deficit targets.

The deficit as a percentage of GDP was due to fall to 2 per cent in 1991-2 from 6 per cent in 1990-1. Estimates of the expected outcome range from 3 to at least 4 per cent.

Kenya's credibility crisis, Page 15

NEWS IN BRIEF

California adopts tight petrol standards

CALIFORNIA, which has long had the toughest clean-air regulations in the US, has adopted new standards on petrol that could result in a 30-40 per cent reduction in the emissions that cause air pollution writes Alan Friedman in Los Angeles.

The new rules, approved at the weekend by the California Air Resources Board, are expected to be copied eventually by many other states. Several eastern states have already said they will adopt California's new car emission standards, which could add 15 to 20 cents to the price of a gallon of petrol, now around $1.25. The rules, which were opposed by a number of oil companies, are to take effect in 1996. Smaller refiners will be allowed until 1998 to phase in the cleaner petrol.

Leak at US nuclear plant

A nuclear power plant in South Carolina declared an alert at the weekend after radioactive water leaked inside a reactor containment building, AP reports from South Carolina.

The leaking reactor at Duke Power's Oconee nuclear plant has been shut down, and inspectors from the Nuclear Regulatory Commission are checking the leak, the NRC said. It said there was no evidence any radioactive material has spread to the outside environment, and no immediate threat was reported.

Guyana poll postponed

President Desmond Hoyte of Guyana has indefinitely postponed general elections which he had called for mid-December, after the elections commission said it could not prepare an acceptable voters' list in time, writes Canute James in Kingston.

Opposition parties and foreign observers, including former US President Jimmy Carter, had earlier called for a postponement of the election after the government agreed with critics that the list was incorrect.

Opposition parties have welcomed the delay in the vote. Mr Hoyte has not set a new date, saying he will have to consult with his attorney general. The parliament, which was dissolved to make way for the election, will have to be recalled. Under Guyana's constitution, Mr Hoyte will have to declare a state of emergency to reconvene the assembly.

Taiwan economy grows

Taiwan's economy grew at an estimated annual rate of 8.41 per cent in the third quarter, compared to 6.22 and 7.11 per cent in the first two quarters, writes Peter Wickenden in Taipei.

The Directorate of Statistics revised its forecast for this year's GNP growth from 7 per cent to 7.21 per cent.

Indirect trade with China in the first nine months totalled $4.03bn (£2,276m), up by 44 per cent from the same period of last year, the government said, quoting Hong Kong customs figures. (Direct trade across the Taiwan straits is banned.)

The Chinese mainland now accounts for around a third of Taiwan's total visible trade surplus, which is expected to reach US$8.8bn this year, compared to US$7.95bn last year.

Weaker Japanese and US economic performance since October will drag Taiwan's fourth quarter growth down to 7.07 per cent.

Chinese drop charges

Criminal charges against the man sometimes known as "China's Lech Walesa", Han Dongfang, have been dropped, US human rights lobbyist John Kamm, said in Beijing after meeting Chinese leaders, Yvonne Preston reports from Beijing.

Mr Kamm, former president of the American Chamber of Commerce in Hong Kong, said he was also confident several political prisoners would soon be released, among them Wang Dan, who topped China's most wanted list after the crushing of the student demonstrations of 1989.

Mr Kamm has been in China since Wednesday, arriving in the wake of US secretary of state James Baker, who made strong human rights representations during his three days of tough and protracted talkes in Beijing. Mr Han's case is said to have been among those raised by Mr Baker.

India shifts stance on N-weapons conference

By David Housego in New Delhi

PROSPECTS of an agreement to limit the spread of nuclear weapons in South Asia brightened over the weekend as India changed its negotiating stance on the issue.

For the first time New Delhi said India was ready to consider proposals for convening a five-nation conference – to include India, Pakistan, the US, the Soviet Union and China – on establishing a nuclear-free zone in South Asia. India, Pakistan, China and North Korea are the only countries in Asia which have or are developing nuclear weapons.

Until now India has said a nuclear-free zone in South Asia would put it at a disadvantage against China – its biggest rival, with which it went to war in 1962. India has also opposed the idea because Pakistan is seen to have been the author of it.

The shift in the Indian position came after a visit last week by Mr Reginald Bartholomew, US under-secretary of state, to New Delhi and Islamabad. Western diplomats said his talks in Delhi marked a "qualitative change in the nature of the dialogue" between the US and India on the nuclear issue.

During the talks the US shifted its emphasis from pressing India and Pakistan to sign the Nuclear Non-Proliferation Treaty. The US is concentrating instead on getting both sides to halt the further development of nuclear technology and ballistic missile systems. The US has already suspended aid to Pakistan in an effort to force Islamabad to roll back its nuclear programme.

A big factor behind the shift in the Indian position is that it recently lost the support of the Soviet Union on the issue. During a recent UN debate Moscowunexpectedly switched sides to support a Pakistan proposal for a nuclear-free zone. But to encourage India further, Mr Bartholomew also held out the promise of increased US pressure to halt Pakistani help to separatist rebels in the state of Kashmir.

Indian and Pakistani delegations are to visit Washington soon for talks on nuclear non-proliferation.

Gatt impasse 'needs top-level solution'

THE DEADLOCK between the European Community and the US over farm reform can only be resolved "at the highest level", Community officials said yesterday, after EC Commissioners met in Brussels over the weekend, William Dullforce reports from Geneva.

In Washington today, the US Agriculture Department and the US Trade Representative's Office are due to meet, to make their joint appraisal of the situation, which threatens to make the Uruguay Round trade talks collapse.

President Bush and EC Commission President Jacques Delors are expected to decide what to do by phone either later today or tomorrow. Mr Ruud Lubbers, the Dutch prime minister and current EC president, will join Mr Delors in Brussels today. Mr John Major, UK prime minister, has already urged Mr Delors to find a formula for continuing the bilateral farm talks.

One idea mooted is to put fresh negotiators in charge. The "agricultural bureaucracies" on both sides had been too rigid in their approaches, a trade diplomat said yesterday.

It was essential to restore the basis for negotiation created by Mr Bush, Mr Delors and Mr Lubbers at the EC-US summit meeting in the Hague on November 9.

Then, the three presidents pledged themselves to closing the remaining EC-US gap, and told their negotiators to continue narrowing their differences in Geneva. But after only one day's discussions, Mr Guy Legras, the EC's chief farm negotiator, returned to Brussels. EC and US officials acknowledged that not one of several important outstanding issues had been resolved.

With the year-end deadline for achieving results in the five-year trade talks rapidly nearing, Mr Arthur Dunkel, Gatt director-general, has promised that texts of agreements would be available in all areas, including agriculture, by the end of this week. He tabled his own working paper on agriculture on Thursday. The scene was being set for final trade-offs, Mr David Woods, Gatt spokesman, said. "We expect to see relatively quickly whether they can be made or not."

Dunkel sets out plan for farm deal

By William Dullforce in Geneva

THE BUILDING blocks on which an international deal to reduce farm subsidies could be established were set out in a paper put forward last week by Mr Arthur Dunkel, Gatt director-general.

Mr Dunkel left out the crucial figures on the size of reductions, which still have to be negotiated.

Governments would be expected to cut assistance to agriculture in the three areas of market access, domestic support and export competition.

On market access, Mr Dunkel calls for full tariffication. All import barriers, including the EC's variable levies and bilaterally negotiated voluntary export restraints, would be converted into customs duties and then progressively reduced.

Implicitly, Mr Dunkel is telling the Japanese they must drop their refusal to tariff rice imports. The proposals also present problems for the maintenance of Canada's supply management programmes, while countries with highly-protected farmers, such as the Nordic nations and Switzerland, will have to make radical adjustments to their present systems.

Japan would initially be able to impose a very high tariff on rice imports, but would have to comply with a minimum access requirement in the form of a quota allowed in at a reduced tariff rate.

Dunkel: message for Japan

Whatever the level of the customs duty resulting from tariffication, countries would at least have to maintain exporters' current access to their markets. Left open are the annual rates at which tariffs should be cut and the minimum access requirements expanded.

In domestic supports, the crucial issue is the scope of the "green box" covering the assistance to farmers that would be exempted from reductions. Mr Dunkel recognises that, if the box is opened too widely, trade-distorting domestic supports could be perpetuated to an extent that would undercut the value of reductions in the other two areas.

Basic criteria are that the support exempted should come from a publicly-funded government programme, should not involve transfers from consumers, and not have the effect of providing price support to producers.

The green box could hold government aid for research, pest and disease control, training, extension and advisory services, marketing and promotion and infrastructural assistance provided it is only for capital works.

Under certain conditions, direct payments to producers, income support decoupled from production and governmental participation in income insurance and safety-net programmes would be exempted.

Structural adjustment assistance would be allowed. Payments for taking land out of production would be exempted on condition no marketable produce be sown for a minimum of 10 years. Eligibility criteria are spelt out for payments under environmental and regional assistance programmes.

Mr Dunkel does not take sides in the EC-US argument over whether export subsidies should be cut according to budget outlays or quantities of produce; he outlines a method for each. He lists six types of subsidy that would be subject to reductions and sets out the products to be covered.

They include wheat, wheat flour, coarse grains, rice, oilseeds and sugar. Beef, pigmeat, sheepmeat, poultry and eggs are in the list, as well as dairy products.

Subsidies on exports of wine, fruit and vegetables would also be cut.

Tokyo challenge for Andriessen

MR Frans Andriessen, vice-president of the European Commission, who is due in Tokyo today on an official trip, is visiting Japan amid mounting concern in the EC about a growing imbalance in two-way trade, Stefan Wagstyl reports from Tokyo.

Even though Mr Andriessen's agenda includes the Soviet Union, the future of Gatt's Uruguay Round multilateral trade talks, development aid and other subjects, it could be overshadowed by bilateral trade issues.

EC officials in Tokyo say this year has seen an unacceptably rapid rise in Japan's trade surplus with the Community. It has been increasing at an annual rate of about 50 per cent and could to come close to a record $30bn (£16.9bn) for the year. EC officials are especially worried about a fall in Community exports to Japan, caused partly by a fall in Japanese demand for luxury goods, including French paintings. They are preparing a list of some 20 specific areas where they believe foreign companies face barriers in entering the Japanese market.

Mr Andriessen was to have presented this list to Japanese ministers, but an EC official said on Friday it was not certain the list would be finished in time. Even if not, Mr Andriessen is likely to point out the key issues: EC claims that barriers to imports still exist in markets for certain foods, leather, shoes, aerospace and elsewhere. Too much talk about trade would run counter to the expressed aims of both the EC and Japan, which signed a joint declaration this summer pledging a new era in bilateral ties in which contacts would not be dominated by trade disputes. The agreement said ministerial visits, such as Mr Andriessen's, should be used to broaden relations in the political sphere.

Mr Andriessen will also raise another serious issue: the difficulty in reaching agreement on liberalising farm trade at the Uruguay Round. He is expected to ask for Japan to lift its ban on rice imports, a sensitive domestic issue. Japanese ministers are expected to resist such demands and point out the EC and US should move first in cutting farm-product export subsidies. The issue is urgent since Gatt members want a settlement by the end of the year. Mr Ray MacSharry, EC farm commissioner, had to cancel his Tokyo trip to go to Washington to deal with an unexpected setback in US-EC talks on export subsidies.

Poorer nations defiant on trade

DEVELOPING countries this weekend sent a defiant message to the US and EC over international trade negotiations, but splits in third world ranks reduced it to a hollow threat, Reuter reports from Tehran.

The third world was seeking to draw up a common stand ahead of February's full session of the UN Conference on Trade and Development. The Group of 77, including some of the poorest nations, warned the rich world not to try to strike a deal on the Uruguay Round behind the back of developing countries.

The conference avoided a split by adding a rider to its declaration on the round saying this "should not be seen as inhibiting [Gatt] negotiators". Developing nations should be compensated if trade liberalisation worsened their plight.

Germans lead in machinery sales

By Christopher Parkes in Bonn

GERMAN capital investment will stagnate in 1992, the Ifo economic institute in Munich reported yesterday. But keeping the high levels recorded this year, it will help the country maintain its pole position in world plant and machinery markets.

A study from the IWD institute in Cologne shows every fifth machine sold on the world market last year came from west Germany, boosting turnover for the sector's 5,000-plus companies to DM215bn (£74.3bn).

But flagging demand abroad and the pause in the domestic boom following unification a year ago has cut orders. Overseas orders for plant and machinery, IWD said yesterday, fell 11 per cent in September, while internal demand rose just 1 per cent.

Even so, 31 per cent of companies surveyed by Ifo say they plan to increase capital spending next year, with the greatest rise, 41 per cent, among food and drink makers. Only 29 per cent of capital goods manufacturers plan to spend more, although 41 per cent expect no change.

German companies invested DM102bn during 1991, almost 10 per cent more than in 1990, and 6 per cent up in real terms.

For 1992, Ifo forecasts a nominal rise of just 3 per cent. With inflation expected to average around 4 per cent, this suggests a slight real fall. For the long term, the engineering industry reckons on average annual growth of 3-4 per cent.

This will depend largely on the recovery rate in export markets, which account typically for 55 per cent of the mechanical engineering industry's sales. Biggest outlet is France, providings 11 per cent of turnover, followed by the US (8.6 per cent), UK (7.7 per cent), and Italy (7 per cent).

The IWD points out that Germany is under-represented in the growing south-east Asian market, with only a 9 per cent share of total sales of plant and machinery.

Trade is hampered by laws forbidding export of any goods which might be used for military purposes to 54 countries, including "friendly" South Korea and Singapore.

East German mechanical engineers are still being squeezed by the transformation to a market economy. Sector turnover in the first half of this year fell to DM6bn, from DM16bn in the second half of 1990, while the workforce dropped from 550,000 to 370,000.

● West German producer price increases slowed in September, the federal statistics office says. A month-on-month rise of 0.1 per cent left them only 2.3 per cent above last year's levels.

World new car demand expected to shrink 2.9%

By Kevin Done, Motor Industry Correspondent

WORLD new car demand is expected to contract this year by 2.9 per cent to 34.4m from 35.5m in 1990, the largest sales reduction since the 1980-1 recession.

But according to the latest DRI World Automotive Forecast Report*, worldwide new car demand will regain the lost ground next year, to reach 35.5m. Worldwide new car sales are forecast to resume a pattern of steady growth through the first half of the 1990s to reach 40.3m in 1996. The DRI report says that the current slowdown in activity in the OECD industrialised countries has turned out to be sharper and more widespread than originally feared in the final months of 1990. The UK has suffered a slump with a 20 per cent fall in new car sales in 1991, while the US car market has declined for the third consecutive year to 8.5m, or 9 per cent below 1990.

Only the German economy has provided badly needed support for the western European car market, which is still forecast to grow 1.7 per cent this year to a record 13.5m. Excluding Germany, the western European new car market is set to fall 8.7 per cent this year with only four of 16 markets, Germany, Greece, Portugal and Austria showing growth. The west European market is forecast to fall by 2.4 per cent to 13.15m in 1992, largely reflecting an expected 19 per cent drop in German new car demand to 3.3m. Excluding Germany, the demand outlook is more favourable, with western European sales elsewhere growing by 5 per cent to 9.8m next year from 9.3m in 1991.

The Japanese new car market which grew by 38 per cent in 1989-90 is expected to contract by more than 4 per cent this year to 4.9m. But the decline will be short-lived, with sales forecast to rise above 5m again in 1992. The US market is finally expected to stage a recovery next year with growth of around 10 per cent, bringing much-needed relief to the beleaguered Big Three US car makers, General Motors, Ford and Chrysler, which have suffered heavy losses this year.

DRI forecasts that the European Community new car market will grow from 112.2m units in 1990 to 114m in 1996, with Japanese car makers capturing around 20 per cent of the expected 1.8m units growth.

*World Automotive Forecast Report, DRI Europe, Wimbledon Bridge House, 1 Hartfield Road, London, SW19 3RU. £2,400.

WORLD CAR SALES FORECAST (000's)*

	1990	1991	1992	1994	1996
WORLD TOTAL	35,469	34,440	35,487	38,348	40,323
Germany**	3,040	4,132	3,344	3,604	3,893
Italy	2,348	2,313	2,327	2,366	2,440
France	2,309	2,069	2,180	2,366	2,408
UK	2,008	1,602	1,787	2,184	2,288
Spain	982	897	996	1,186	1,304
EC total	12,218	12,532	12,174	13,321	14,019
Western Europe total	13,249	13,470	13,150	14,450	15,205
US	9,295	8,468	9,268	9,803	10,122
Japan	5,102	4,888	5,025	5,270	5,447
South Korea	604	895	755	872	968

WORLD CAR PRODUCTION FORECAST (000's)*

	1990	1991	1992	1994	1996
WORLD TOTAL	35,887	34,382	35,589	38,517	40,528
Germany**	4,671	4,808	4,656	4,922	5,129
France	3,294	3,106	3,041	3,363	3,471
Italy	1,874	1,652	1,648	1,791	1,999
Spain	1,679	1,701	1,634	1,767	1,761
UK	1,295	1,250	1,426	1,777	1,875
EC total	13,245	12,898	12,782	14,117	14,919
Western Europe total	13,587	13,206	13,125	14,524	15,358
US	6,298	5,818	6,508	6,715	6,984
Japan	9,947	9,606	9,899	10,236	10,357
South Korea	943	1,063	1,230	1,477	1,658

*1990 actual, 1991/96 forecast. **From 1991 Germany total includes former East Germany.
Source: DRI World Automotive Forecast Report.

Land prices fall fast in parts of Japan

By Stefan Wagstyl in Tokyo

LAND prices are falling fast in some parts of Japan, according to a report from the Japan Real Estate Research Institute.

The national average price of residential land fell by 0.3 per cent in the six months to the end of September, the first decline since the oil shock years of the mid-1970s, said the report. But in the six biggest cities, where land prices were bid up furthest in the speculative boom of the 1980s, prices fell 6.5 per cent. In Tokyo they fell 4.3 per cent and in Osaka 12.8 per cent.

Commercial land prices, less affected by speculative buying, rose by 0.2 per cent, so the national average for all land edged up 0.1 per cent, said the institute.

The institute's figures are a widely-watched indicator, as they are published earlier than government data.

Daimler to make trucks in Russia

DAIMLER-BENZ, the German industrial group, has signed a letter of intent to start licence production of Unimog trucks in Russia, it said yesterday, Reuter reports from Stuttgart.

Mr Edzard Reuter, management board chairman, said after meeting Russian President Boris Yeltsin that the first deliveries of Unimog, a universal utility truck for use in agriculture, were scheduled as early as 1992. They had also talked about possible co-operation in railway and aerospace technology. The pilot plant should make 10,000-12,000 Unimog trucks a year, with annual output approaching 100,000 later. Mercedes is in talks on a project to produce ambulances.

Iran speeds Bandar Abbas aluminium smelter project

By Kenneth Gooding, Mining Correspondent, in Dubai

IRAN yesterday speeded up its $1.5bn (£840m) aluminium smelter project at Bandar Abbas near the Straits of Hormuz, despite fears of over-capacity in the mid-1990s unless big smelter projects are postponed.

The country is also to push ahead with a plant to supply alumina, the raw material for aluminium, also at a cost of $1.5bn. Mr Ali Kolahdouz, Iran's deputy minister for mines and metals, said the alumina project would be developed with the help of the Hungarian Aluminium Company (Hungalu) to produce 2m tonnes a year for all the Gulf smelters, including those in Bahrain and Dubai. It should be in place by 1996.

Mr Hossein Mahlouji, Iran's minister of mines and metals, yesterday signed the main construction contract for the Bandar Abbas smelter, and indicated it was on "fast track" for completion by July 1994.

Drawing on Iran's abundant natural gas reserves, the second largest in the world, the smelter will have the capacity to produce an annual 330,000 tonnes of aluminium and will be expanded as demand requires.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

	UNITED STATES					JAPAN					GERMANY					FRANCE					ITALY					UNITED KINGDOM				
	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1984	7.0	7.9	10.22	12.43	n.a.	2.8	7.8	6.48	6.80	n.a.	3.3	3.8	5.99	7.96	n.a.	9.7	10.9	11.77	13.33	n.a.	12.5	12.4	16.11	15.60	n.a.	5.5	12.9	10.03	11.33	n.a.
1985	9.2	9.1	8.00	10.62	n.a.	5.0	8.4	6.62	6.34	n.a.	4.4	5.1	5.45	7.09	n.a.	6.2	7.4	10.03	11.74	n.a.	13.7	14.0	14.34	13.71	n.a.	4.7	13.2	12.32	11.03	n.a.
1986	12.3	8.3	6.49	7.68	3.43	6.9	8.7	5.12	4.94	0.84	9.9	8.3	4.63	6.19	1.79	6.9	6.7	7.79	8.74	2.65	10.4	9.0	13.25	11.47	1.41	4.0	15.3	11.02	9.97	4.35
1987	11.6	6.5	6.82	8.38	3.12	10.5	10.4	4.15	4.21	0.55	9.0	7.3	4.03	6.33	2.21	4.1	10.1	8.26	9.59	2.75	10.5	11.0	11.32	10.58	1.94	4.7	14.6	9.77	9.52	3.60
1988	4.3	5.4	7.65	8.84	3.61	8.4	11.2	4.42	4.27	0.54	9.8	6.4	4.33	6.56	2.61	3.6	8.5	7.94	9.02	3.69	7.5	8.1	11.24	10.54	2.71	6.8	17.0	10.41	9.69	4.48
1989	0.9	3.8	8.99	8.49	3.43	4.1	9.9	5.31	5.11	0.48	6.3	5.7	7.12	7.02	2.22	8.1	9.5	9.39	8.79	2.88	8.1	10.1	12.41	11.61	2.46	5.9	17.8	13.96	10.30	4.36
1990	3.7	5.2	8.06	8.55	3.60	2.6	11.7	7.62	7.27	0.65	4.5	4.5	8.49	8.63	2.11	3.9	9.2	10.32	9.87	3.19	9.0	9.6	11.98	11.87	2.84	5.4	16.2	14.82	11.65	5.07
4th qtr.1990	4.2	3.8	7.83	8.31	3.86	5.0	10.0	8.19	7.16	0.80	6.3	5.4	8.90	8.92	2.51	3.9	9.2	10.11	10.07	3.77	8.5	10.0	11.80	11.74	3.55	3.3	13.6	13.89	10.95	5.56
1st qtr.1991	4.4	3.1	6.69	8.01	3.48	2.4	6.0	7.98	6.54	0.75	6.3	5.5	9.17	8.43	2.51	0.5	7.8	9.85	9.30	3.64	7.6	9.1	12.37	11.86	3.69	2.9	10.6	13.30	10.30	5.22
2nd qtr.1991	5.2	3.4	6.03	8.12	3.18	3.3	3.7	7.70	6.71	0.71	5.0	5.5	9.11	8.28	2.25	−0.4	6.3	9.43	8.95	3.48	7.7	9.5	11.51	12.87	3.21	1.7	9.1	11.64	10.34	4.84
3rd qtr.1991	6.0	2.5	5.73	7.95	3.10	6.6	2.8	7.11	6.41	0.79	5.2	5.8	9.24	8.43	2.31	−2.3	5.7	9.54	9.04	3.60	7.8	11.1	11.60	12.86	3.31	1.9	7.1	10.82	9.98	4.80
November 1990	4.4	3.8	7.90	8.39	3.88	4.4	9.9	8.22	7.35	0.82	6.0	5.6	8.88	8.68	2.54	0.5	7.7	10.00	10.16	3.78	8.7	10.2	11.83	11.69	3.67	3.2	14.3	13.70	11.25	5.61
December	4.0	3.3	7.80	8.05	3.74	6.2	8.5	8.17	6.73	0.60	7.0	5.3	9.21	8.69	2.50	3.9	9.2	10.29	9.89	3.79	7.9	9.9	12.59	11.96	3.85	2.7	12.3	13.87	10.77	5.44
January 1991	3.9	3.0	7.11	8.07	3.79	5.1	7.4	8.07	6.59	0.80	6.6	5.2	9.35	8.74	2.67	−0.4	7.5	10.28	9.75	3.93	6.6	8.4	12.48	12.04	3.96	3.4	11.2	14.02	10.53	5.60
February	4.4	3.1	6.50	7.84	3.37	1.0	5.5	7.89	6.29	0.74	5.6	5.4	9.08	8.25	2.45	1.5	8.0	9.79	9.11	3.62	7.5	9.2	12.45	11.90	3.64	2.8	10.8	13.32	10.12	5.19
March	4.2	3.3	6.40	8.10	3.25	1.2	5.1	7.91	6.63	0.73	6.6	5.7	9.09	8.29	2.38	0.5	7.8	9.43	9.04	3.36	8.6	9.7	12.17	11.64	3.43	2.6	9.8	12.49	10.25	4.82
April	4.3	3.2	6.08	8.03	3.17	0.3	3.8	7.75	6.69	0.70	4.5	5.5	9.18	8.20	2.30	2.3	7.7	9.34	8.88	3.46	6.8	8.5	11.74	13.07	3.38	1.6	9.9	12.02	10.17	4.74
May	5.5	3.5	5.92	8.07	3.20	3.2	3.6	7.72	6.64	0.71	5.3	5.7	9.08	8.30	2.25	1.1	7.1	9.24	8.86	3.44	8.0	9.7	11.39	12.82	3.24	1.8	9.6	11.59	10.32	4.85
June	5.8	3.4	6.10	8.27	3.17	6.5	3.7	7.63	6.80	0.72	5.1	5.4	9.08	8.35	2.13	−0.4	6.3	9.72	9.11	3.53	8.4	10.3	11.40	12.72	3.02	2.0	7.9	11.30	10.53	4.96
July	6.0	2.9	6.05	8.28	3.14	6.1	3.4	7.45	6.75	0.75	5.8	5.8	9.15	8.57	2.29	−1.2	6.1	9.59	9.15	3.89	7.4	10.6	11.54	12.90	3.24	2.0	7.7	11.14	10.28	4.91
August	6.1	2.5	5.72	7.91	3.07	7.2	2.7	7.21	6.29	0.77	4.9	5.8	9.31	8.41	2.32	2.3	6.7	9.59	9.09	3.62	7.6	11.4	11.69	13.04	3.31	1.8	7.2	10.94	10.01	4.76
September	5.9	2.1	5.58	7.66	3.08	6.4	2.2	6.64	6.09	0.76	5.1	5.7	9.27	8.30	2.31	−2.3	5.7	9.43	8.88	3.47	8.4	11.3	11.56	12.86	3.39	2.2	6.4	10.37	9.66	4.73
October	7.1	2.3	5.34	7.51	3.09	7.1	2.1	6.30	5.90	0.75			9.38	8.22	2.41			9.32	8.79	3.50			11.40	12.43	3.51	2.6	6.3	10.45	9.73	4.83

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Short-term interest rates: period averages of: US – 90 day commercial paper, Japan – 3 month certificates of deposit, Germany – 3 month Fibor, France – 3 month Pibor, Italy – 3 month Euro-Lira, UK – 3 month Libor. Source: Datastream. Long-term interest rates: period average yields on long-term benchmark government bonds. Source Atlas/TFN. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

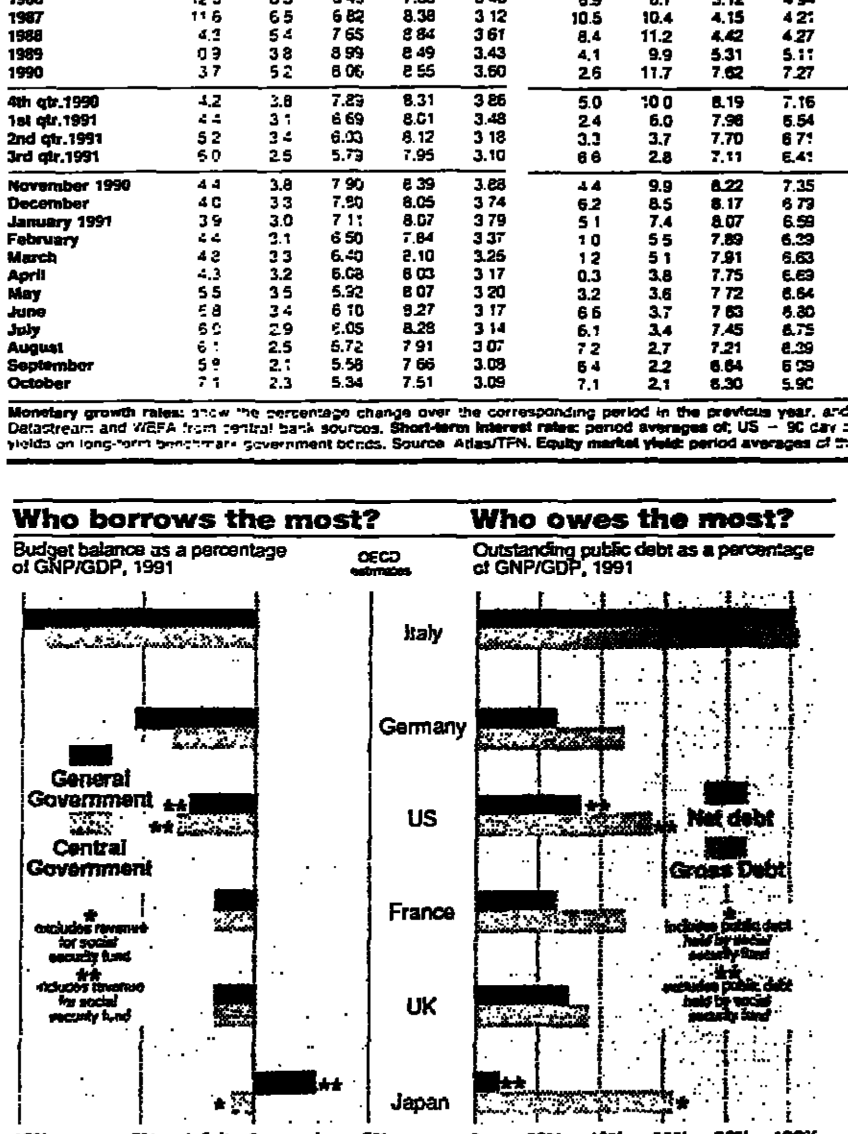
Who borrows the most?

Budget balance as a percentage of GNP/GDP, 1991

OECD estimates

Who owes the most?

Outstanding public debt as a percentage of GNP/GDP, 1991



Source: OECD Economic Outlook, July 1991

Why Japan thinks it has a high-debt government

THERE IS an argument that, on both economic and political grounds, the Japanese government should make more active use of fiscal policy during the current economic slowdown. The OECD says the Japanese authorities are right to resist such pressure. But the arguments the government employs in doing so, with OECD support, are needlessly misleading.

The Japanese economy is slowing fast, with capital spending leading the way. What better time to cut taxes and to increase spending on public infrastructure? The fall in domestic investment and import spending is also diverting Japan's savings abroad. As a result, Japan's current account surplus is increasing once more, raising the hackles of politicians in the US and Europe. A rise in government spending would reduce Japanese national savings and close the trade gap.

The counter-argument is made in the latest OECD report on the Japanese economy. Japan, the report argues, should continue the policy of fiscal consolidation and budget deficit reduction that it has pursued for the last 10 years. The central government budget deficit "may be less than half the average for the other major economies" it says. "However, the burden of gross debt and interest payments remains relatively heavy. The central government budget thus continues to be formulated against the background of the perceived need for fiscal restraint."

The word *perceived* sits awkwardly in that sentence. One reason it is there is because the OECD knows the international comparisons of gross public and central government deficits that the Japanese government favours are highly misleading. The OECD is required to follow national conventions in the manner in which these figures are compiled. That Japan compiles them differently to other countries is not spelled out in the OECD report.

Take the gross debt to GNP ratios shown in the chart. For most OECD countries, this ratio measures outstanding claims on the public sector held by the non-government sector. Only in Japan does the gross debt measure include public debt held by the government social security fund.

So cross-country gross debt comparisons do not compare like with like. This inconsistency is important because of the size of the Japanese social security fund. Both the US and Japan are currently accumulating assets which will be drawn upon in the future as their respective populations age. Both funds hold government debt. In the US, this debt accounts for 4.6 per cent of GNP, although it is growing fast. In Japan, the assets of the social security fund account for about 50 per cent of GNP. So while Japan appears to have a higher ratio of gross debt to GNP than any other country except Italy, almost all of this debt is owed to itself. Excluding government-owned debt reduces the gross ratio to just 11 per cent in 1991. Subtracting other government assets reduces the Japanese net debt ratio to just 7.7 per cent.

The central government deficit comparison is equally misleading. In every other country, the central government deficit includes the revenue from pay-roll taxes which accrue to the social security fund. The general government budget merely adds local government budget balances. But in Japan, the central government budget balance excludes social security revenues. If social security revenues are included in the budget balance, the government argues, then future liabilities should also be included. In Japan's case, these liabilities may be unusually large. Yet any cross-country comparisons should either take these differences into account, or ignore them.

A consistent comparison of current revenue flows shows that the Japanese government is a net saver. By adding the social security revenues, the OECD shows general government has a surplus which, at 2.7 per cent in 1991, exceeds Japan's current account surplus. The general government primary surplus, excluding interest payments, is 3¼ per cent of GNP. This is enough to reduce the net debt ratio by 3 percentage points of GNP a year. At this rate the Japanese government will be a net creditor by 1994. Then whose debt will it purchase? US Treasury securities perhaps?

Edward Balls

UK NEWS

Opposition says Major has lost direction on EC integration

Labour attacks Tories over European policy

By Ivo Dawnay, Political Correspondent

BRITAIN'S opposition Labour party is set to target Mr John Major's first year in office as prime minister this week by claiming that the key change from the leadership of Mrs Margaret Thatcher is that the government has lost its sense of direction.

A senior party official indicated that, despite the public rift between Mrs Thatcher and the Major administration over a referendum on Europe, the change-over has represented "no change of substance."

In an attempt to regain the headlines after a week dominated by internal Tory debate on Europe, Mr Neil Kinnock, the leader, will use what has been described as a "state of the nation" press conference to be held with leading Labour Euro-MPs to repeat the party's positive outlook towards the Community.

By contrast, the Tories will be characterised as hostile to the EC policy outlined in Mrs Thatcher's Bruges speech of 1988 when she vigorously opposed Brussels' attempts to develop a social policy for the Community.

The attack will be followed on Wednesday by approval at the National Executive Committee of a new policy document on political union within the EC, which includes backing for some powers for the European Parliament to initiate legislation.


Kaufman: cautious stand

But there were some signs yesterday that senior figures figures are expressing caution in their public statements on Europe, following a new opinion poll at the weekend indicating doubts among the public at the speed of progress towards a more closely integrated Community.

A Mori poll in the Sunday Times showed 56 per cent of respondents favoured a referendum on a single European currency against 32 per cent opposed.

In an interview on BBC Television, Mr Gerald Kaufman, the party's foreign affairs spokesman, laid careful emphasis on the limits to Labour's Euro-enthusiasm.

He said the party was not proposing "a wholesale" transfer of power to the European Parliament, but merely some improved rights complementary to, rather than in conflict with, those of Westminster.

It was necessary for those who concentrated on the issue of sovereignty to recognise that Britain was no longer a superpower able to control its destiny independently of other countries. Those that made such claims, Mr Kaufman said, are "trying to fool the electorate."

On Thursday, Labour will put forward Mr Roy Hattersley, the deputy leader, and Mr Jack Cunningham, the campaigns' co-ordinator, to repeat its charge that the Major administration is still pursuing Mrs Thatcher's goals.

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Wages policy, Page 16

On your Marx, get set – let's go capitalist

By Jimmy Burns

A TOUCH of capitalist enterprise emerged yesterday as part the of the transformation of Britain's communist party, which earlier in the weekend scrapped its 1920's Marxist-Leninist constitution and adopted the new name of Democratic Left.

According to internal documents leaked to the FT, the Party in the nine months to September 1991, made £105,500 from investments in government Treasury and Exchequer Stocks and in the money markets, and £45,000 from rented office accommodation.

This compared with income of £5,000 in 'donations', £28,500 in 'collected appeals', and £3,700 in membership dues.

Commenting on the figures, Mr Steve Howell, an outgoing member of the executive, said yesterday: "We've gone from being a party financed by its members to one that is funded by its assets. We've been trading on profits. It just shows you what a terrible state we're in."

The outline budget for 1992 shows that Mr Howell's victorious opponents plan to spend £443,600 on the new look Democratic Left, against forecast income of £343,600, a shortfall the party may seek to cover by selling off more of its properties. Items of expenditure include publication of the party's new logo, showing three people holding hands in a circle as a symbol of a commitment to political pluralism.

Off with the old, on with the new: the Communist party of Great Britain votes for a new name – Democratic Left

"The design," said the new party's press officer Ms Miriam Rivett, "will be in the Democratic Left colours: red for our history, purple for women's suffrage, green for environmentalism."

It was unveiled at a London conference hall yesterday, a couple of blocks away from the British Library where Karl Marx researched Das Kapital. Earlier the Democratic Left had spent most of the first morning of its its existence in closed session.

Rank and file members and journalists were asked to leave after delegates had been asked to identify themselves with their voting cards. The topic of secret discussion, reminiscent of less than democratic central committees, was the thorny issue of the party's finances.

Delegates, according to information leaked from within, had yet to come to terms with the 'revelations' three weeks ago that the Communist Party of Great Britain had from 1955 to 1979 received substantial sums of money from the Communist Party of the Soviet Union.

Earlier those delegates who had chosen to break decisively with their Marxist-Leninist past, had endorsed by a majority a statement stating: "There is no justification for what took place."

In seeking to justify the Soviet financial link, former assistant general secretary Mr Reuben Falber urged party members to reflect with pride on the 'struggles' of the 1970's. His list included support for the peoples of Vietnam, South Africa, Spain, and Chile and other countries "whose people were suffering dictatorship, repression and US aggression."

By last night however, there was a new logo, a new name, a new Executive, and the prospect of further trading in stocks and shares.

Employers claim industry is still stuck in recession

By Edward Balls

BRITAIN's manufacturing industry remains stuck at the bottom of the recession with little sign of an upturn before the end of the year, a gloomy Confederation of British Industry (CBI) says today.

The employers organisation said that recovery may already be under way, although not all sectors are experiencing an improvement. But its latest quarterly forecast shows the CBI to be distinctly more pessimistic than the Treasury over the likely pace of recovery.

"Demand remains very weak but the recession appears to be bottoming out," said CBI economic situations committee chairman David Wigglesworth. "Many sectors of industry are still in recession and can as yet see no signs of improvement."

The November monthly trends survey confirms the patchy performance of British manufacturing industry.

Output is picking up for makers of chemicals, consumer goods and pharmaceuticals. But for engineering companies, the prospects continue to look bleak.

Overall the survey suggests that manufacturing output will remain stable in the period ahead.

The percentage of respondents expecting output to rise over the next few months is just one per cent higher than that expecting a fall. But the balance is unchanged from the last monthly survey in September and is too low to have an impact on output.

The survey does show that both domestic and export orders are starting to pick-up, although from very low levels. The rise in export expectations is the first significant one since October of last year.

The CBI expects exports to lead the recovery next year. But it does not expect a return to the trend rate of economic growth until the second half of the 1992.

The CBI is more cautious than the government in its forecast of the prospects for both consumer spending and investment. It expects the economy as a whole to grow by 1.7 per cent in 1992, compared to a Treasury forecast of 2½ per cent.

Unemployment will continue to rise throughout 1992. But this will allow retail price inflation to fall further than the government expects, to 3.5 per cent by the fourth quarter of the year.

The CBI also stressed the risks of slower-than-forecast growth if interest rates have to rise again or if slow growth in world trade impedes export growth.

UK NEWS

CBI may withdraw from European pact

By David Goodhart, Labour Editor

THE Confederation of British Industry is threatening to withdraw from an agreement struck between the main European employer and union federations that might further complicate negotiations over extending the scope of EC social legislation at the Maastricht summit next month.

The agreement between the employers body, Unice, and the European TUC, which has been included in the latest EC treaty proposals, gives employers and unions a privileged position in the drafting and implementing of EC social legislation.

By allowing employers a voice in the drafting process and by proposing that directives can then be implemented through collective bargaining, as a substitute for legislation, the agreement meets some of the UK government's complaints about anti-business bias and over-centralisation in EC social legislation.

Even so, it also implies the re-establishment of corporatist structures and an empowerment of unions that the government would not welcome. The CBI fears that, by signing it, it may have weakened its alliance with the UK government against EC social legislation.

Mr Zygmunt Tyszkiewicz, head of Unice, says that no employers body has accepted the agreement happily, but it is "an insurance policy" in case the scope of EC social legislation is extended. The CBI accepted more reluctantly than most and only agreed to sign, last month, when in a minority of one.

Nevertheless, senior figures

EMPLOYMENT

at the CBI are dismayed that the organisation signed at all and have asked for clarification as to what has been agreed.

There is no dispute over the first part of the agreement, giving employers and unions a role as "privileged consultants", but applying the agreements through binding collective agreements raises difficulty.

Mr Tyszkiewicz says the agreements would be binding only on the two parties to them, they could be reached at local and not just national level, and there would be no legal means of enforcement. Some CBI officials are not convinced by that interpretation, and if it turns out to be incorrect the organisation will withdraw from the agreement.

Mr Richard Price, deputy director-general of the CBI, said last night: "The CBI has no mandate to negotiate on behalf of its members and if the agreement requires us to arrive at binding agreements by whatever procedure, we would oppose it."

● Ninety per cent of the training received by British middle managers and supervisors does not help them to improve productivity, according to a survey published today by the management consultancy Peter Chadwick. The research, from interviews with 200 middle managers and supervisors in the electronics and engineering industries, found that 96 per cent of middle managers and supervisors did not consider productivity improvement their most important goal.

A total of 73 per cent of those interviewed saw the solution in new machines and capital expenditure, not in people's attitudes and behaviour.

DTI is urged to act on salary disclosure

By Andrew Jack

COMPANIES should disclose more details of their directors' performance-related pay schemes, according to a study by London Business School published today.

The study, funded by the Chartered Institute of Management Accountants, recommends that the Department of Trade and Industry should introduce legislation to force greater disclosure in annual reports. It argues for independent non-executive directors on remuneration committees to monitor schemes on behalf of shareholders.

The report will be forwarded to the Cadbury Committee on financial aspects of corporate governance later this week.

Researchers found little evidence that directors were manipulating their pay schemes unfairly to receive additional money, but they called for greater openness to disclose how performance-related pay schemes operate and what proportion of directors' pay comes from these bonuses.

"It is not surprising that people view directors' pay suspiciously when they have so little information about how it is calculated," said Professor Andrew Likierman, one of the three academics who conducted the study.

He originally planned to conduct a more wide-ranging survey but discovered that he would have had to buy or borrow shares to have even the chance of obtaining details of directors' performance schemes from companies.

The study says UK disclosure is far less than that required by US companies.

Top management remuneration and reported performance. London Business School, Sussex Place, Regents Park, London NW1 4SA. £25.

MPs lobbied on sex equality

By Diane Summers, Labour Staff

THE EQUAL Opportunities Commission is seeking meetings with leaders of the main political parties in an effort to get sex-equality reforms included in party manifestos before the general election.

A list of demands is circulated today to MPs. This "equality agenda" will provide a baseline from which the manifestos of the main political parties can be judged by the electorate, the EOC says.

The commission is aiming to capitalise on the high profile of equality issues and increased interest by political parties in presenting themselves favourably to female voters.

Mr John Major, the prime minister, last month launched Opportunity 2000, a business-backed campaign to improve employment prospects for women. Labour has promised to include a minister for women in a future Labour cabinet, and the Liberal Democrats have pledged "full equality" by the end of the century.

Ms Valerie Amos, EOC chief executive, says while no one political party has a coherent strategy, the Labour party has "certainly put forward a wider range of proposals".

The priorities on the EOC's list for inclusion in party election manifestos are:

● A single Equal Treatment Act to replace what is described by the EOC as "the unduly complex statutory framework" of existing sex discrimination and equal pay laws. It would also incorporate principles now established under EC law.

● A code of practice to guide employers and trade unions on avoiding sex discrimination on pay. This would combat "deeply rooted" inequalities that result in women earning only 78 per cent of men's hourly earning rates.

● Equality of treatment for part-time workers who currently may not qualify for maternity rights and employment protection.

● A national strategy for childcare which would be financed by a partnership between government, employers and parents.

● Speedy action to equalise state pension ages.

The EOC has been waiting for some months for a response from the government on proposals for a single new equality act. A commission document outlining how a national strategy for childcare could operate has been rejected.

● Fewer women occupy executive jobs in Wales than in England, according to a study by the Welsh Development Agency.

The report on women in senior jobs in Wales, prepared by two academics at the University of Wales College of Cardiff, says there are proportionally fewer women at the top in Wales than in Britain as a whole, and that Welsh employers are less likely to have equal opportunities' policies and training.

Names may quit Lloyds, Mori poll indicates

By Richard Lapper

DISAFFECTION among Names at the Lloyd's insurance market is widespread, according to a survey conducted by Mori, the market research company.

As many as one in four Names – the individuals whose capital supports underwriting at Lloyd's - regret having joined the market. Six out of 10 of those still in the market may leave if profitability is not restored next year.

The survey, results of which were disclosed last night by BBC2's Money Programme, is based on a representative sample of Names.

The investigation focuses on Lloyd's external Names (those without jobs on the market), who account for about 22,000 of the 26,500 Names. Names are suffering their worst losses for more than 20 years. The market reported a deficit of £510m for the 1988 year and at least 4,000 Names might resign before the end of the year.

Thirteen per cent of the sample of 459 Names contacted by Mori said they had already resigned and 62 per cent of the others indicated that they would be likely to leave if Lloyd's is not back in profit by the 1992 underwriting year.

Although the Lloyd's market is expected to show a loss for 1989 and possibly also 1990, rates for marine, energy and aviation insurance and reinsurance have risen appreciably this year, encouraging hopes that the market may be back in the black in 1991, when that year's results are reported in three years' time.

Forty-one per cent of the sample said they would be likely to resign if the Lloyd's task force fails to make any significant changes to the way business is conducted.

The task force, an independent committee of leading market figures, is working with McKinsey, the management consultancy, on an investigation of business practices at the market. It will present its report to the Lloyd's council, the market's governing body, by mid January.

According to the poll, members' principal concerns include:

● The competence of syndicate underwriters and managers (72 per cent of the sample thought this a "very important problem").

● Issues such as US asbestosis and pollution risks which carry a "long tail" – where claims emerge sometimes many years after the original inception of a policy. The long tail is responsible for open years – where future liabilities are so uncertain that a syndicate's accounts cannot be closed. A total of 90 separate underwriting years among a 354 syndicates have been left open. (86 per cent of the sample thought this very important).

● Sixty-one per cent were worried by the ethical standards of brokers and underwriters and 57 per cent by the competence of members' agents, which channel Names on to particular syndicates.

● Over 60 per cent of Names regard the principle of unlimited liability as "fairly important", although two out of three Names are against the concept of a central pool to share the cost of excessive losses among Lloyd's Names as a whole.

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Skills challenge in a one-company town

Lisa Wood assesses the training prospects for the young people of Barrow-in-Furness

THE LARGEST industrial apprenticeship scheme in the UK, at the VSEL submarine yard in Barrow-in-Furness, Cumbria, closed earlier this year, leaving a challenge for local training authorities.

Until recently, more than 300 young people in this one-company town had left school every year for a craft apprenticeship in the yard and generally a job for life.

VSEL, which employed about 12,500 people at the beginning of this year before embarking on a large redundancy programme, is forecasting that a maximum of 7,000 to 9,000 employees might remain in 1995, provided the company wins new orders and diversifies successfully.

How to keep, and adapt, the skills of older workers and provide new ones for young people denied a formal apprenticeship at VSEL is the challenge facing the new Training and Enterprise Council (Tec) and Furness Enterprise, a development agency established to attract new employers into the area.

"We have people here who have either been trained, or are capable of being trained, to a sophisticated level," says Mr Steve Palmer, chief executive of Cumbria Tec. "We must not lose these skills."

Mr Palmer believes that that reservoir of abilities is the town's greatest asset. He hopes it will be attractive to manufacturing companies considering relocating to Furness, a town whose main disadvantages are poor road, rail and air communications and a lack of modern industrial premises.

While Furness Enterprise is concentrating on trying to attract inward investors to a town where unemployment may reach 25 per cent by 1993, the Tec, along with Furness College, is taking a calculated risk.

Mike Aaron

Eyes on the future: seventeen-year-old trainee Andrew Grey at work at Furness College

To maintain the pool of skilled employees, it is financing engineering training places at Furness College from its Youth Training (YT) budget in the anticipation that new opportunities in engineering will present themselves in the town. In the past, the college provided day-release courses for VSEL apprentices.

In partnership with VSEL, which now provides work experience for the majority of the trainees, Furness College has devised a new three-year craft course in engineering.

According to Mr Palmer, it would not have been possible to devise such a course under the auspices of the old Training Agency, which until the advent of Tecs ran publicly funded training programmes. Employer-led Tecs, which were launched last year, have more flexibility to adjust training programmes to local needs.

YT programmes under the former Training Agency were all two years long, provided training to the equivalent of a Level Two national vocational qualification and paid a standard national rate.

That rate would not have covered the cost of the new YT programme at Furness College, Mr Palmer said.

He wants more flexibility from the government on what sort of training he can fund. The Tec, for example, only gets paid output-related funding, or funding based on the achievement of qualifications, if training is for at least one calendar month. There are, however, certification schemes such as that for welding inspection, which can be achieved in a week and which, he says, make workers "very employer-ready."

He also wants to be able to say to employers considering moving to Barrow that the Tec could top up or adapt existing skills quickly. At present, government funding rules for both YT and Employment Training (ET), the scheme mainly for long-term unemployed adults, makes that difficult.

He says that if new employers do not come to Barrow, the new training scheme at least gives young people the skills to move away. It is an option many are considering.

The grim warning is that if new skilled jobs do not present themselves, Barrow's human assets might be dissipated for ever.

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THE WEEK AHEAD

ECONOMICS

German inflation approaches 4%

THE Bundesbank last week helped spare the UK chancellor a possible sterling crisis by not raising German interest rates, but German inflation data due out this week could mean that the increase has merely been put on temporary hold.

Economists expect the cost-of-living data for November to show that German inflation is again rising towards a year-on-year rate of 4 per cent, from a current 3.5 per cent.

It is expected to peak at around 5 per cent – 6 per cent in the spring of next year.

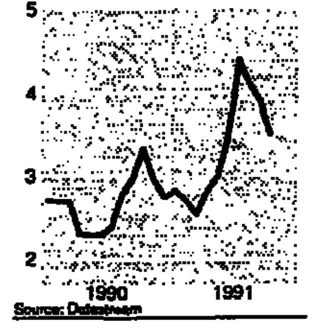
While the German economy is slowing in response to a tight monetary stance and tax increases, a rate rise is still likely, given the anti-inflationary bias of the central bank and the fact that demand continues to be overheated following reunification.

A rate rise will be considered in less than a fortnight's time, when the Bundesbank next meets.

In the UK, a rate rise is also deemed likely in the light of sterling's marked weakness in the exchange rate mechanism of the European monetary system, where it is trading very close to its peseta-determined lower limit.

Germany

Consumer Price Index
(% change over previous year)



Source: Datastream

On Friday, the pound had its biggest one-day fall since October 1990, the month the UK joined the ERM.

In France, the markets will be waiting for the central bank to offer a firm indication that last week's rate rise will be nothing more than a temporary measure, which has only marginally supported the franc.

On the foreign exchange markets, tension is set to increase in the final run-up to next month's European Community summit at Maastricht, as prospects for a realignment grow.

Other events and statistics, with median market forecasts from MMS International, the financial research company, in brackets, include:

Today: US, October existing home sales (6.0m); November auto sales. UK, Confederation of British Industry survey.

Tomorrow: UK, CBI conference on Germany. US, November consumer confidence (58.0). Japan, industrial production (1.8 per cent). Australia, manufacturing production statistics; October motor vehicle registrations (1.0 per cent).

Wednesday: Austria, OPEC meeting. US, durable goods orders (1 per cent); durable shipments; October personal income (0.1 per cent); personal consumption expenditure (0.1 per cent); export and import price index; third quarter manufacturing trade balance. UK, October building society commitments; new motor vehicle registrations. France, October trade balance (down FFr4bn). Japan, October retail sales.

Thursday: US, Thanksgiving Holiday, all markets closed. France, consumer prices index (month-on-month 0.4 per cent, year-on year 2.5 per cent). Australia, third quarter net foreign debt; company profits.

Friday: US, Chicago NAPM; November agriculture prices; October bank credit, commercial and industrial loans; money supply; initial claims. Japan, Tokyo consumer prices index; leading diffusion index. Canada, September gross domestic product at factor cost (down 0.1 per cent); third quarter balance of payments.

During the week: Germany, regional cost of living, November provisional cost of living (month on month 0.3 per cent, year on year 4.0 per cent); October import prices (month on month 0.2 per cent, year on year down 2.5 per cent).

Rachel Johnson

PARLIAMENTARY DIARY

TODAY

Commons: Cardiff Bay Barrage Bill, second reading. Motion on the library charges England and Wales regulations. Opposed private business from 7 pm.
Lords: Debate on the Maastricht negotiations.
Select committees: Public Accounts – subject, NAO estimates. Witness: Comptroller and Auditor General (Room 16, 4.30 pm).

Treasury and Civil Service – subject, the Autumn Statement. Witness: David Mellor MP, Treasury chief secretary (Room 15, 4.30 pm).

TOMORROW:

Commons: Further and Higher Education (Scotland) bill, second reading.
Lords: Nurses, midwives and health visitors bill, committee stage.
Select committees: Trade and Industry – subject, exports to Iraq. Witnesses: DTI officials (Room 15, 10.45 am).

Social Security – subject, operation of pension funds. Witnesses: Social Security department officials (Room 21, 10.30 am).

WEDNESDAY:

Commons: Opposition debate on housing followed by opposition debate on sport. Debate on EC documents relating to the 1992 Community budget.
Lords: Debate on energy efficiency. Debate on youth training. Question to government on issues arising from the report on the animal procedures committee.
Select committees: Defence – subject, "Britain's army for the 1990s" proposals. Witness: Archie Hamilton MP, Minister for the Armed Forces (Room 15, 10.30 am).

Environment – subject, Plans for an environment agency. Witnesses: representatives from the National Rivers Authority (Room 21, 10.30 am).

Foreign affairs – subject, developments in central Europe. Witnesses: Dr James Gow; Dr David Dyker; Dr Mark Wheeler and Dr Stefan Pavlowitch (Room 17, 10.30 am).

Welsh Affairs – subject, roads in Wales. Witness: Sir Wyn Roberts MP, Welsh Office minister (Room 8, 10.30 am).

Parliamentary Commissioner for Administration – subject, reports for 1990-91. Witnesses: Brighton Health Authority. Greenwich and Bexley FMSA (Room 19, 10.45 am).

Education – subject, Scrutiny session. Witness: Kenneth Clarke MP, Education Secretary (Room 15, 4.15 pm).

Employment – subject, Work of the Employment Department. Witness: Michael Howard MP, Employment Secretary (Room 20, 4.15 pm).

Health – subject, Maternity services. Witnesses: Officials from the social security Department; Association for Improvements in Maternity Services (Room 18, 4.15 pm).

Public Accounts – subject, Administrative information technology. Witness: Sir Michael Quinlan, Ministry of Defence (Room 16, 4.15 pm).

Transport – subject, Class 158 trains. Witnesses: BREL (Room 17, 4.15 pm).

Home Affairs – subject, annual report of the Chief Inspector of Fire Services. Witness: Sir Reginald Boyle, chief inspector (Room 8, 4.30 pm).

Treasury and Civil Service – subject, 1991 autumn statement. Witness: Chancellor of the Exchequer (grand committee room, Westminster Hall, 4.30 pm).

THURSDAY:

Commons: Proceedings on the Welsh Development Agency Bill.
Lords: Offshore Safety Bill, committee stage. Debate on select committee report on innovation in manufacturing.
Select committee: Sittings of the House. Witnesses: James Wallace MP, and Dr John Cunningham MP (Room 15, 10.30 am).

FRIDAY:

Commons: Private members' motions.

RESULTS DUE

ELECTRICITY companies begin their interim reporting season next week.

Norweb, the first of the 12 regional companies to report, is forecast to turn in on Tuesday pre-tax profits of about £30m and a 15 per cent dividend increase. London Electricity Board is forecast to show on Wednesday pre-tax profits of £12m and a dividend increase of about 12 per cent.

National Power, the larger of the two English and Welsh generators, reports on Tuesday. Interim pre-tax profits of about £190m are expected, up some 10 per cent from a year earlier. It is expected to raise payout by around 10 per cent.

Besides electricity companies, Allied-Lyons' first-half profits are expected to be between £277m and £290m (compared with last year's £286m), while Tate & Lyle on Wednesday is likely to report pre-tax profits for the year ended March of about £235m (£218m), coupled with a modest dividend increase.

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Haggas (John), Keighley, Yorks, 11.00
Kleinwort Development Fund, 20, Fenchurch Street, E.C., 12.45
Murray Ventures, 7, West Nile Street, Glasgow, 10.30
Tay Homes, Queens Hotel, City Square, Leeds, 2.30
BOARD MEETINGS:
Finals:
Govett Atlantic Inv. Tst.
Metro Radio
Millwall
Tunstall
Interims:
Allen
City of London PR
Dawson Intl.
Hewetson
JLI
Merrydown Wine
National Grid Co.
National Grid Hldgs
Vibroplant
Vodafone
■ *TOMORROW*
COMPANY MEETINGS:
Microfilm Reprographics, Farmers & Fletchers Livery Hall, 3, Cloth Street, E.C., 12.00
North American Gas Inv. Trust, Watermen & Lightermens Co., 18, St. Mary-at-Hill, E.C., 3.00
BOARD MEETINGS:
Finals:
Anglo Scandinavian Inv
Apollo Metals
Concentric
Drayton Cons. Trust
Fairline Boats
Young (H.)
Interims:
Allied-Lyons
Amber Indl
Christian Group
Erskine House
Kewill Systems
Martin Currie European
Monks Inv Trust
National Power
North American Gas Inv.
Northern Foods
Norweb
Seton Healthcare
Sketchley
Southnews
Walker & Staff
■ WEDNESDAY NOVEMBER 27
COMPANY MEETINGS:
Cowan de Groot, Chelsea Hotel, 17, Sloane Street, S.W., 10.30
Norex, Norex Court, 195, Marsh Wall, E., 12.00
BOARD MEETINGS:
Finals:
ABI Leisure
Capital Radio
Dunedin Worldwide Inv.
Kwik Save
Moran Hldgs.
Royal Bank of Scotland
Scottish Inv. Trust
Tate & Lyle
Interims:
BPB Inds.
Caffyns
Hambros
London Electricity
Marston Thompson & Evershed
Mid Kent Hldgs.
North West Water
Northumbrian Water
South West Water
Unigate
■ THURSDAY NOVEMBER 28
COMPANY MEETINGS:
Green (Ernest) & Partners, 36, St. Andrews Hill, E.C., 3.00
TSW, Derry's Cross, Plymouth, 2.15
BOARD MEETINGS:
Finals:
G.T. Asia (Sterling) Fd.
MEPC
Interims:
AAH
Brockhampton
Brown & Tawse
Caledonia Inv.
Castings
Compco
GEI Intl.
Grampian Television
Johnson Matthey
Macdonald Martin Dists.
Osborne & Little
Tomorrows Leisure
Vtech
Welsh Water
■ FRIDAY NOVEMBER 29
COMPANY MEETINGS:
Eleco Hldgs., Institute of Directors, 116, Pall Mall, S.W., 12.00
NESCO Invs., Sheppards, 1, London Bridge, S.E., 12.00
St. Ives, St. Ives House, Lavington Street, S.E., 10.00
Savage Group, Corvill Mill, Park Street, Herts., 10.00
TR Far East Income Trust, Mermaid House, 2, Puddle Dock, E.C., 12.00
BOARD MEETINGS:
Interims:
European Colour
Oceonics
Perma
Wessex Water
Company meetings are AGMs unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Allied Irish Banks Und. Fltg. Rate Nts. $335.63
Aluminum Co. of Am. 40cts.
Amdahl 25cts.
Bridgend 0.4p
Clarkson (Horace) 2.75p
Commerzbank Overseas Fin. Fltg Rate Nts. 1995 $316.67
Costain 4.75p
Dean & Bowes 0.25p
Eaton 55cts
Gent (SR) 0.75p
Haggas (John) 3p
Renishaw 4p
Rutland Tst. 0.27p
Sherwood Group 3.8p
Sirdar 3.5p
Suter 3.2p
Sykes-Pickavant 2.25p
TSB Gilt Fd. Ptg. Rd. Pf. (Class B Ptg. Rd. Pf.) 0.8583p
Ward Group 1.2p
Wensum 1.15p
■ TOMORROW
Blue Circle 3.75p
British Gas Int. Fin. 8% Gtd. Nts. 1992 4pc.
Lloyds Eurofinance Gtd. Fltg. Rate Nts. 1996 £142.34
Maunders (John) 2.85p
Tay Homes 4.1p
■ WEDNESDAY NOVEMBER 27
British Aerospace 6.9p
Broken Hill Prop. 19.5cts.
Hampden Homecare 0.2p
Merrill Lynch 25cts.
Murray Ventures 8.9p
Novo 1p
Presidio Oil Class A 25cts.
Watts Blake Bearne 2.7p
■ THURSDAY NOVEMBER 28
BTR 7.5p
Bank of Montreal 53cts.
Contra-Cyclical Inv. Tst. 2.25p
Domestic & General 10.5p
Geared Inc. Inv. Tst. 1.75p
Halifax Bldg. Society Fltg. Rate Ln. Nts. 1996 £138.63
Jardine Matheson (Bermuda) 3.4cts.
Do. (Hong Kong) 3.4cts.
Do. (Jersey) 3.4cts.
NatWest Bank Und. Var. Rate Nts. $173.4
Nationwide Anglia Bldg. Society Fltg. Rate Nts. 1993 £274.90
Prudential Corp. 3.8p
Surrey Group 0.05p
Utd. Uniform Services 1p
■ FRIDAY NOVEMBER 29
APV 2p
Aitken Hume Intl. 0.5p
Alexandra Workwear 1.8p
BNB Resources 1.6p
BTR Nylex 4.5cts.
Bank of Scotland 9¼% Non Cm. Irrd. Pf. 4.675p
Do 9¼% Non Cm. Irrd. Pf. 4.625p
Do. Und. Var. Rate Nts. $172.20
Beauford 1.65p
Bradford & Bingley Bldg. Society Fltg. Rate Nts. 1994 £272.60
Brierley Invs. 4cts.
British Fittings 1.375p
British Polythene 3p
Brooks Service 1.3p
Brunswick Corp 11cts.
Canning (W) 7½% Un. Ln. 1988/93 3¾pc.
Caparo Inds. 1p
Do. 6% Cm. Pf. 4.28p
Chase Manhattan Fltg. Rate Sub Nts. 1997 $153.25
Chemical Banking Fltg. Rate Senior Nts. 1999 $43.40
City of Oxford Inv. Tst. 1.2p
Collateralised Mortgage Sec. (No.8) 11¼% Sec. Bds. 1996 £282.51
Do. Class A2 Mtg. Backed Fltg. Rate Nts. 2033 £283.60
Do. Class A3 Mtg. Backed Fltg. Rate Nts. 2033 £286.34
Collateralised Mortgage Sec. (No.7) Class A1 Mtg. Backed Fltg. Rate Nts. 2028 £288.84
Do. Class A2 Mtg. Backed Fltg. Rate Nts. 2028 £283.60
Do. Class A3 Mtg. Backed Fltg. Rate Nts. 2028 £283.60
Delyn 0.45p
Fired Earth Tiles 1.625p
First Chicago Overseas Fin. Gtd. Fltg. Rate Sb. Nts. 1994 $151.67
Gencor 26cts.
Glasgow Inc. Tst. 0.6p
Great Western Fin. 22cts.
Greenacre 0.125p
HTV 1.5p
Halifax Bldg. Society Fltg. Rate Ln. Nts. 1996 (Ser.A) £42.28
Hays 2.7p
House of Lerose 3p
How Grp. 1p
Hunting 8.25% Cm. Cv. Pf. 4.125p
INSTEM 1.2p
Jackson Grp. 1p
Jove Inv. Tst. 2.7p
Littleshall 1.5p
Lister 5% Pf. (Cm.) 1.75p
Do. 4% Db. Rd. 2pc.
Lloyds Bank Prim. Cap. Und. Fltg. Rate Nts. (Ser.2) $151.67
Macquarie Bank Sub. Fltg. Rate Bds. 2000 $34.31
Manufacturers Hanover Tst. Fltg. Rate Sb. Cap. Nts. 1994 £137.12
Mezzanine Cap. & Inc. Tst. 2001 7.25p
Microfilm Reprographics 2.4p
Murray Intl. Tst. 2.5p
NatWest Bank Prim. Cap. Fltg. Rate Nts. (Ser.C) $160.09
Nationwide Anglia Bldg. Society Fltg. Rate Nts. 1998 (2nd Ser.) £42.28
New Brunswick (Province of) Fltg. Rate Nts. May 1994 C$21.96
Polymark Intl. 0.6p
Raine Inds. 4p
Ricardo Intl. 3.8p
Robert Fleming Netherlands Prim. Cap. Und. Fltg. Rate Nts. $339.85
Roskel 1.3p
Royal Bank of Canada Fltg. Rate Db. 2005 $43.30
Russell (Alexander) 1p
Scottish Television 2.875p
Senior Eng. 1.2p
Sheldon Jones 1.21p
Sphere Inv. Tst. 0.9375p
Sterling Pub. Cv. Cm. Rd. Pf. 3p
Stoddard Sekers 4% Cm. Pf. 2p
Svenska Int. Sb. Fltg. Rate Nts. 1995 $319.13
T & S Stores 2.25p
TMC P.I.M.B.S. Nts. Aug. 2030 £275.62
Do. Fifth Fin. 8/8/2028 £251.1
Do. Seventh Fin. Class A Nts. Aug. 2031 £180.0
Do. Class B Nts. Aug. 2031 £184.93
TR City of London Tst. 1.19p
TSB Var. Rate Sb. Nts. 2008 £283.60
Tesco 2p
Thorntons 2.4p
Trace Computers 0.9p
Trafford Park Estates 1.725p
USLIFE Corp. 41cts.
Unisys 8% Db. 1987/92 4pc.
Venturi Inv. Tst. 1.4p
Wells Fargo Fltg. Rate Sb. Nts. 2000 $43.80
Do. Fltg. Rate Sb. Nts. 1992 $43.60
Wembley 0.9p
■ SATURDAY NOVEMBER 30
Adscene 7¼% Cv. Rd. Cm. Pf. 3.875p
Allied-Lyons 7½% Cm. Pf. 2.625p
Do. 5½% Cm. Pf. 1.925p
BBA 6.75% Cm. Rd. Cv. Pf. 3.375p
Bankers Inv. Tst. 0.8p
Do. 3.5% Cm. Pf. 1.75p
Bristol (City of) 11½% Rd. 2008 5¾pc.
British Alcan Aluminium 10¾% Db. 2011 5⅜pc.
Bryant 8% Cm. Pf. 2.8p
Cap. & Counties 6⅞% 1st Mtg. Db. 1995/2000 3⁷⁄₁₆pc.
Cater Allen Gilt Inc. Fd. Ptg. Rd. Pf. 30p
Clayhithe 9.5% Sb. Cv. Un. Ln. 2000/01 3.3315pc.
Co-operative Bank 9.25% Non Cm. Irrd. Pf. 4.625p
Cropper (James) 9% Un. Ln. 1994/99 4½pc.
Dunlop Plants. 6% Cm. Pf. 2.1p
Elect. & Gen. Inv. 10¾% Db. 2011 5⅜pc.
Expedier 7.75% Cv. Cm. Rd. Pf. 3.875p
Frith Throgmorton 7.25% Cv. Un. Ln. 2003 3.625pc.
Gestetner 10% Un. Ln. 1990/95 5pc.
Goodhead 7% Cv. Cm. Rd. Pf. 3.5p
Greene King 6¾% Un. Ln. 1988/93 3⅛pc.
Hopkinsons 1.2p
Hydro-Quebec 15% Ln. 2011 7½pc.
ISA Intl. 0.414p
London & European 10½% Un. Ln. 1993 5¼pc.
Midland Bank 14% Sb. Un. Ln. 2002/07 7pc.
Minstergate 10% Cm. Pf. 5p
NCR 4% Gtd. Ln. 1993/98 2pc.
Do. 8½% Gtd. Ln. 1993/98 4¼pc.
OCE (UK) 9% S'G'ddr Cv. Un. Ln. 1987/92 4½pc.
OK Bazaars 6% 2nd Cm. Pf. 6cts.
Paterson Zochonis 7½% Cm. Pf. 3.75p
Do. 10% Cm. Pf. 5p
RMC Cap. 8¾% Cv. Cap. Bds. 2006 (Reg) £57.60
Do. 8¾% Cv. Cap. Bds. (Br) £57.60
Rosehaugh Greycoat Ests. 11% 1st Mtg. Db. 2014 5½pc.
Royal Bank of Scotland 11% Cm. Pf. 3.85p
Do. 5½% Cm. Pf. 1.925p
Sainsbury (J.) 6½% 1st Mtg. Db. 1988/93 3¼pc.
St Modwen Props. 8.5% Cm. 2nd Pf. 4.25p
Save & Prosper Ret. of Assets Inv. 8.3%-18.3% Cm. Ltd. Ptg. Pf. 5.5p
Scantronic Cv. Cm. Rd. Pf. 3.625p
Sidlaw Cv. Cm. Rd. Pf. 4.25p
TR Smaller Co's Inv. 10½% Db. 2016 5¼pc.
TT Fin. 11⅞% Gtd. Db. 2016 5¹⁵⁄₁₆pc.
Tate & Lyle Cv. Cm. Rd. Pf. 3.625p
Throgmorton Tst. 12⅞% Db. 2010 6⁷⁄₁₆pc.
Wade Potteries 10% Cm. Pf. 5p
■ SUNDAY DECEMBER 1
Agricultural Mortgage Corp. 4½% Db. 1981/91 2¼pc.
American General 50cts.
CNA Gallo 5% Cm. Pf. 5cts.
Canning (W.) 2.94p
Cater Allen 8% Cm. Pf. 1.75p
Do. 4.2% 2nd Cm. Pf. 2.1p
Cleveland Place 4¾% Rd. Db. 1989/93 2⅜pc.
Daren Ests. 10¼% 1st Mtg. Db. 2012 5⅛pc.
Fleming Claverhouse Inv. 2.5p
Fleming Mercantile Inv. 4¼% Perp. Db. 2⅛pc.
Foreign & Colonial Inv. 4¼% Perp. Db. 2⅛pc.
Do. 7¼% Db. 1989/94 3⅝pc.
Genfinance 11.49% Ln. 2007 (Reg) 5.745pc.
Do. (Br) 5.745pc.
Govett Atlantic Inv. 5½% Cm. Pf. 1.925p
Do. 4½% Cm. Pf. 1.575p
Do. 5% Cm. Pf. 1.75p
Govett Oriental Inv. 0.75p
Do. 5% Cm. Pf. 1.75p
Great Portland Ests. 9½% Cv. Un. Ln. 2002 4¾pc.
Hambros Inv. Tst. 3½% Cm. Pf. 1.225p
Harris (Ph.) 7½% Cm. Pf. 2.625p
Do. 8% B Cm. Pf. 2.8p
Illingworth Morris 7% Non Cm. Pf. 1.225p
Int. Stock Exchange of UK & Rep. of Ireland 7¼% Mtg. Db. 1990/95 3⅝pc.
Jones (A.) 6½% Cm. Pf. 2.275p
Kirklees Metropolitan Council 11.6% Rd. 2031 5.8pc.
Kleinwort Charter Inv. 4% Cm. Pf. 2p
Law Debenture 4½% Db. 2¼pc.
Lewis (J) Partnership 5% Cm. Pf. 1.75p
Do. 7½% Cm. Pf. 2.625p
Lombard North Central 6% Cm. 1st Pf. 2.1p
Do. 5% Cm. 2nd Pf. 1.75p
London County 3% Cons. 1920 (or after) 1½pc.
Do. 2½% Cons 1920 (or after) 1¼pc.
Monks Inv. 11% Db. 2012 5½pc.
Monsanto 8¾% Gtd. Ln. 1992/97 2½pc.
Do. 5% Gtd. Ln. 1992/97 2½pc.
Murray Smaller Markets Tst. 4.1% Cm. Pf. 2.05p
M & G Intl. Inc. Fd. 2.222p
Ontario & Quebec Railway 5% Perm. Db. 2½pc.
Do. 6% Cap. 3pc.
RPH 4% Cm. Pf. 1.4p
Do. 8% Cm. Pf. 2.8p
Reed Intl. 4½% Cm. Rd. Pf. 1.575p
Do. 5½% Cm. Rd. Pf. 1.925p
Save & Prosper Linked Inv. Tst. Inc. 22.8p
Suffolk Water 7% Rd. Pf. 1996/98 1.75p
Vinst 7% Cm. Pf. 2.45p
War 3½% Ln. 1¾pc.
Whitbread 6½% Rd. Db. 1986/91 3¼pc.
Do. 6¼% Rd. Db. 1987/92 3⅛pc.
Wright (J)(Weaving) 4½% Cm. Pf. 1.575p

TRADE FAIRS, EXHIBITIONS & CONFERENCES

NOVEMBER 28

ACQUIRING IN FRANCE
A comprehensive guide to the M&A differences when compared to the UK. Sponsored by: Coopers & Lybrand Europe, Slaughter and May. Subjects covered include the strategic, valuation, legal, financing and accounting issues.
Contact: FIBEX. Tel: 071-489 9944
Fax: 071-236 6140
LONDON

NOVEMBER 28

PREPARING FOR THE UPTURN
Lloyds Bank/ECGD/International factors
Make the best of opportunities to come by improving liquidity, securing prompt payments from buyers overseas and at home, managing and increasing sales. Bristol Chamber of Commerce 11.30-14.00. Free of charge. Contact: Kate Rosser on 0272 737373.
BRISTOL

DECEMBER 2-3

6th International Energy Conference
Energy Policy: Marketled or Government driven
Convened by The Royal Institute of International Affairs, The British Institute of Energy Economics and The International Association for Energy Economics. To be held at Chatham House, London. Enquiries RIIA Conferences. Tel: 071 957 5700 Fax: 071 957 5710.
LONDON

DECEMBER 2-3

Health Care - The Changing UK Market
Changes in the provision and purchasing of healthcare, the impact of NHS reforms, developments in medical insurance and the funding of long-term care will be debated.
Enquiries: Financial Times
Tel: 071-925 2323 Fax. 071-925 2125
LONDON

DECEMBER 3

DECENTRALISING I.T. SERVICES
The Conference assesses different approaches to decentralising the provision of IT services and examines the problems and issues involved, including aligning IT organisation with business structure, and the need for new management processes and working practices. Contact Business Intelligence Tel. No. 081 944 1591
Fax No. 081 944 0332
LONDON

DECEMBER 3

TELECOMMUNICATIONS CONTACTS - A BUSINESS APPROACH
Highlights include: nature and impact of regulatory environment; negotiations with suppliers/users; significance of approvals, problems arising from mobile terminals contracts; latest developments in PTO contracts; maintenance/support arrangements
Contact: Alison Walters, IBC Technical Services. Tel. 071 637 4383
LONDON

DECEMBER 4-5

World Telecommunications
The FT's annual conference reviews three interwoven trends changing the shape of the world telecommunications industry - privatisation, deregulation and globalisation.
Enquiries: Financial Times
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

DECEMBER 9

ACQUIRING IN SPAIN
A comprehensive guide to the M&A differences when compared to the UK. Sponsored by: Coopers & Lybrand Europe. Subjects covered include the strategic, valuation, legal, financing and accounting issues.
Contact FIBEX
Tel: 071-489 9944
Fax: 071-236 6140
LONDON

DECEMBER 9

Taxation and Management of Capital in Spain.
Seminar 2-6.0 pm. at the London School of Economics. Briefing on recent liberalization of Spanish fiscal policy. Details from Spanish Chamber of commerce in Great Britain
Tel: 071 637 9061 or
Fax: 071 436 7188
LONDON

DECEMBER 10

Investment Themes For the Early '90s
Michael Metz, Chief Portfolio Strategist for the U.S. Brokerage House Oppenheimer & Co Inc., will present a comprehensive review of his financial and economic expectations for the early 90's and discuss some of his favourite stocks.
Contact: Shirley McClure
Tel: 071-931 9444
Fax: 071-233 5567
LONDON

DECEMBER 10

VDU Directive
Management Briefing on the implications of European Directive 90/270. Vital information for IT suppliers and those responsible for designing, selecting or installing IT systems. Speakers: Brian Pearce, HUSAT: Tom Stewart, ETC; Colin Mackay, HSE.
HUSAT Training. Tel: 0509 611088
Fax: 0509 234651
LONDON

DECEMBER 12-13

ENERGY '93
A practical event bringing together EC-based buyers and suppliers involved in the energy industries to assess economic and financial impact of forthcoming EC 'Utilities' Directives. Organised by Ernst & Young and NEDO, Queen Elizabeth II Conference Centre, Westminster.
Contact: Tracy Lepard on 071-931 4675
Fax: 071-620 0940
LONDON

DECEMBER 13

RUSSIA-JAPAN RELATIONS: FUTURE PROSPECTS
An half-day Forum convened by The Royal Institute of International Affairs and The Centre for Foreign Investment and Privatization, Moscow. In association with the Anglo-Japanese Economic Institute. To be held at Chatham House, London. Enquiries RIIA Conferences.
Tel: 071 957 5700 Fax: 071 957 5710
LONDON

DECEMBER 16

MANAGEMENT DEVELOPMENT AND CORPORATE PERFORMANCE
Update on key research, sponsored by Economic and Social Research Council. Speakers include Professors Burgoyne, Mangham, Sisson, Storey, and senior industrialists. No fee. Barbican Centre. Contact: Pamela Laidley, Tel: 071 589 5111, ext. 7027, Fax: 071 823 7685
LONDON

JANUARY 13

AFRICA 2000: THE ROAD TO RECOVERY
A major international conference on Africa's economic and business prospects held by the African Development Bank, Oxford International Institute and Standard Chartered Bank.
Speakers include: Babacar Ndiaye, William Ryrie, Chief Shonekan, M K Nabli and Tim Sainsbury.
Contact: Miss Lindsey Neil
Tel: 0225 466744 Fax: 0225 442903
LONDON

JANUARY 13-14

NICHE MARKETING: How to identify natural market opportunities
If successful marketing depends upon identifying your niche, then exploiting and developing it, then this seminar gives you the competitive edge to win in today's ever-shifting market environment. Speaker: Bob Donnelly.
Contact Louise Knight, Frost & Sullivan Ltd., *Tel 071 730 3438 Fax 071 730 3342.* Quote ref 956FT.
LONDON

JANUARY 15, 16, 17 & 20

HOW TO MANAGE A SMALL RAPIDLY GROWING COMPANY
In this intensive one day seminar (running in venues across the UK) you will learn how to avoid crisis management whilst keeping the entrepreneurial spirit alive. Speaker, Bob Donnelly. Contact: Louise Knight, Frost & Sullivan Ltd. Tel 071 730 3438. Quote ref 965ft. Fax: 071 730 3343
LONDON

JANUARY 22-24

MANAGEMENT SKILLS FOR WOMEN IN BUSINESS
This seminar will provide the newly appointed woman manager with the pragmatic knowledge and practical tools necessary to maximise performance as a professional manager. Speaker: DeAnne Rosenberg. Contact Louise Knight: Frost & Sullivan Ltd., Tel 071 730 3438
Fax 071 730 3343. Quote ref 775FT.
LONDON

JANUARY 23-24

Global Equity Risk - Identifying and Managing The Crucial Elements
Establish where Equity-Related Risk lies across your range of activities: in-house risk control, trading, counterparty, regulatory, taxation, technological, human and innovative products, liabilities and case studies. Please contact Christine Moore, BRI 071 637 4383.
LONDON

JANUARY 28-29

ENERGY 2000
A two day conference examining UK and European energy strategies and the effects of global environmental impact on energy supply.
Contact: Amanda Wright, IBC Technical Services, 57-61 Mortimer St, London W1N Tel: 071 637 4383
Fax: 071 631 3214
LONDON

FEBRUARY 4

MAJOR SEMINAR ON NEW EC DIRECTIVE: Health & Safety of Computer Users. Training Centre, Lloyd's of London
How will the legislation affect you? Penalties of non-compliance: £20,000 if ignored; £120,000+ for injuries. Contact Christine Nash, CBL. Tel: 081-208 2923
LONDON

FEBRUARY 4

Regulating the waste management industry - How to cope with the environmental controls
This conference will examine in detail the increasing importance of the present and future environmental regulatory regime affecting the waste management industry. Contact: Athina Peters, IBC Legal Studies and Services Limited 071 637 4383
LONDON

FEBRUARY 17

London Motor Conference
The impact of the recession, relationships between Japanese car manufacturers and European components suppliers, trends in distribution and retailing will be discussed.
Enquiries: Financial Times
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

FEBRUARY 17-18

Cable Television & Satellite Broadcasting
A panel of international speakers will review the opportunities opening up for new television services across Europe, the Middle East and the Soviet Union.
Enquiries: Financial Times
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

FEBRUARY 19

Television of Tomorrow
A one-day conference to discuss the future of high definition television with views from Europe, the United States and Japan. Enquiries: Financial Times Conference Organisation
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

OVERSEAS

NOVEMBER/DECEMBER

FOREIGN PRESENCE WITHOUT FOREIGN TAX
Speaker BARRY SPITZ, Consultant, Professor of International Tax Planning
STRUCTURING MULTINATIONALS
(Frankfurt - Oct 25; Stockholm - November 27; London - December 2)
TAX HAVENS (Amsterdam - Oct 24; Geneva - Nov 25; Paris - Dec 4/5)
Organisers ILTI GENEVA
tel (41-22) 641385 fax (41-22) 642864

DECEMBER 2-3

Environment Protection Conference Strategic and Competitive Implications for the Chemical Industry
Senior executives from Europe and the USA analyse the challenges and opportunities in developing constructive solutions to current environmental problems. Organisers: Chemical Insight European Chemical News, Booz Allen & Hamilton & IIR. Contact: Amanda Stecker IIR Scientific & Technical Division, on 071-412 0141
BRUSSELS

20-21 FEBRUARY 1992

INTERNATIONAL LITIGATION
Major European Conference considering *International Litigation* issues arising under EC law
HIGHLIGHTS
Jurisdiction, Protective Remedies, Gathering Evidence, Trial and Appeal procedures, Enforcement of Judgements, Costs and Practical Case Studies.
Tel: 071 437 4383 Charlotte Thornton, IBC Legal Studies & Services Ltd.
NICE

JUNE 1-5 1992

25th ISATA: International Conference on New and Alternative Materials for the Automotive Industries
Presentations on the environmental impact, wear, catalysis and corrosion properties of potential new materials. Manufacturing and production processes are also assessed. Contact ISATA on Tel 081-681 3069 or Fax 081-686 1490
FLORENCE, ITALY

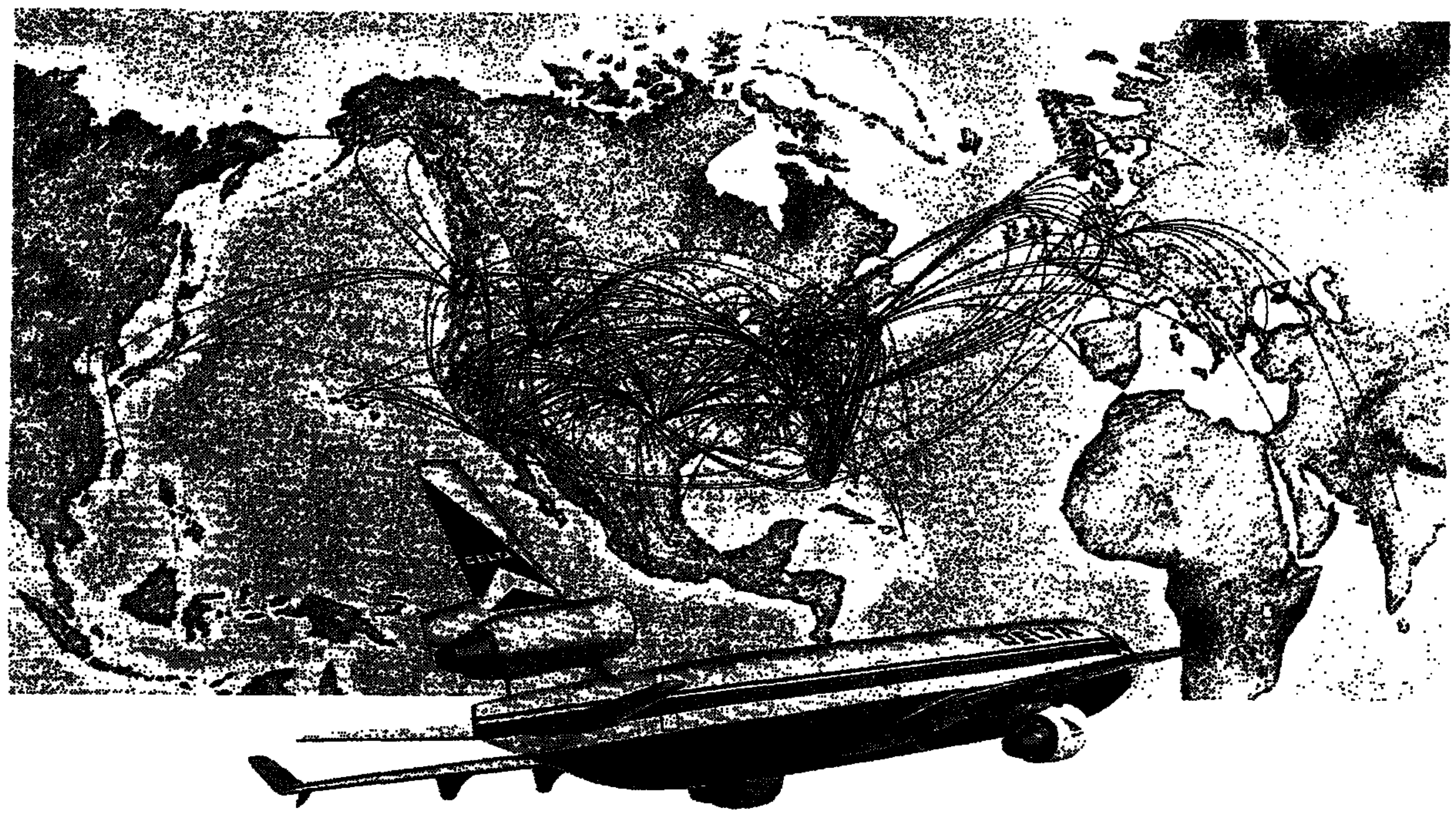
EXHIBITIONS

NOVEMBER 25-26

SOFTWORLD IN SALES AND MARKETING
Exhibition and Seminars from the Top 40 suppliers of Software for Sales and Marketing Departments ranging from Prospect Management to Market Analysis. Delegates can attend 40 minute presentations on each product free of charge. Contact: Interactive Exhibitions 081 541 4965
LONDON

To advertise in this section please call Dominic Morgan on 071 407 5752

Welcome to the new world of Delta.



From left, Delta Flight Attendant Bonita Caringola, First Officer Timothy Therrell, Captain Larry Bacon and Flight Attendant Stephanie Allen.

Now that Delta Air Lines has begun greatly expanded operations across Europe, the Middle East and Asia, the world has become smaller, and the atmosphere warmer.

With new transatlantic nonstops and a European hub in Frankfurt, Delta now flies from Austria, Belgium, Czechoslovakia, Denmark, England, Finland, France, Germany, Greece, Hungary, India, Ireland, Israel, Italy, the Netherlands, Norway, Poland, Portugal, Romania, the Soviet Union, Sweden, Switzerland and Turkey.

Wherever we fly, Delta is dedicated to bringing travellers the best service in the sky. Service that's more convenient, and gives you more travel choices. Tendered with the special warmth and professionalism the people of Delta are known for.

First across the U.S.A., first around the world.

With Delta, you enjoy the convenience of flying to any of over 240 U.S. destinations with one ticket, on one airline system.

And you have more travel choices, because the Delta network serves more cities within the U.S. than any other airline. In fact, Delta's system is first in flights worldwide, with more than 4800 flights a day to over 300 cities in 33 countries around the globe.

A few other firsts.

As important as schedule and convenience are to travellers, they're just part of the reason for you to choose to fly with us.

Delta has the youngest and most modern commercial aviation fleet of its size in the world. As well as one of the most generous frequent flyer programmes. And our emphasis on service has earned Delta the best record of passenger satisfaction among major U.S. airlines for 17 straight years.*

Have your Travel Agent book you on Delta. Or call us direct.

And let us welcome you to Delta's world.

DELTA AIR LINES®

We Love To Fly And It Shows.®

*Based on consumer complaint statistics compiled by the U.S. Department of Transportation

© Delta Air Lines, 1991.

Fitting out department stores

Ealing-based MYTON, part of the Taylor Woodrow Group, has been awarded two major contracts by BHS.

At Crawley in West Sussex, Myton is fitting-out and finishing a BHS store in the Greycoat Shopping Centre complex, while at Tunbridge Wells, Kent, the company is undertaking structural alterations and refurbishing a retail unit.

The latter project also involves the fit out of a newly-built shell to incorporate offices and a substantial storage area.

With work under way at both sites, the two projects are due for hand-over next March.

Myton has also started building a two-storey retail and residential development in Alperton, Middlesex.

Worth nearly £1m, the mixed project is for a private developer and is due for completion in mid-1992.

CONSTRUCTION CONTRACTS

Cardiff airport scheme

BALFOUR BEATTY BUILDING has been awarded a £50m contract to construct maintenance facilities for British Airways' Boeing 747 aircraft at Cardiff Wales Airport.

Known as "Project Dragonfly" the building provides three hanger bays fitted out for the maintenance of Jumbo jets with adjoining workshops and offices.

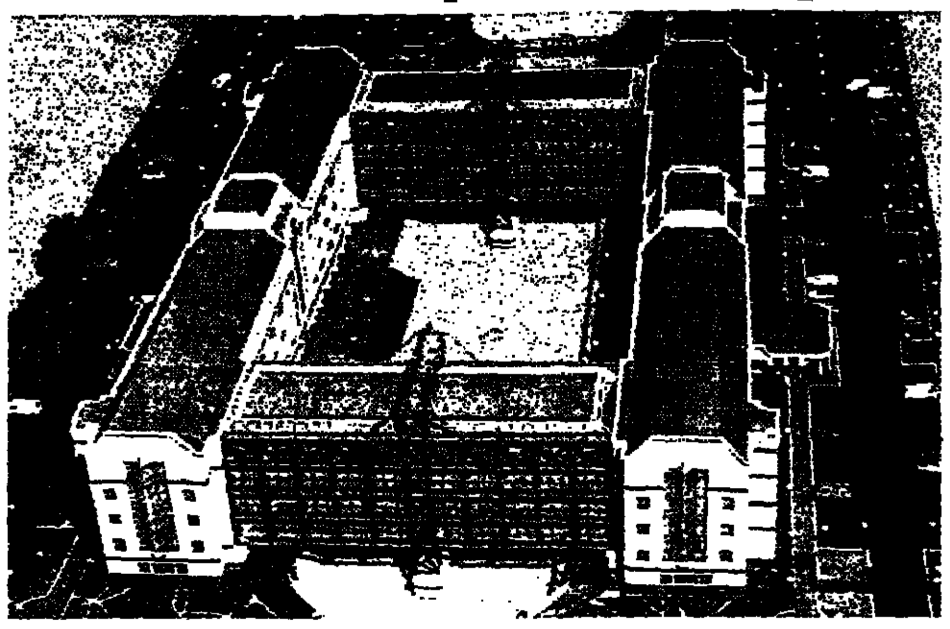
The complex construction, with a total floor area of 43,200 sq metres, has to accommodate cranes, docking bays and lifting equipment. The project will include car parking and extensive apron works. Completion is scheduled for April 1993.

Balfour Beatty has also won three contracts in the Caribbean worth over US$17m (£9.44m).

Heading the list is a US$8.2m (£4.5m) contract for the construction of three jetties in Tortola and Virgin Gorda for the Government of the British Virgin Islands. Work will also involve the construction of docks and terminal buildings.

A US$5m (£2.77m) award has been received from the US Virgin Islands Department of Property and Procurement for the reconstruction of a three quarters of a mile section of the main road on the island of St Thomas. On St Lucia the company has secured a US$4m (£2.2m) contract to upgrade the island's water supply system.

New Customs headquarters in Liverpool



Through project managers PSA Building Management Manchester WIMPEY CONSTRUCTION UK has been awarded a contract worth in excess of £20m for the construction of HM Customs & Excise's new VAT headquarters (*pictured*) at Queens Dock, Liverpool.

The Queens Dock development will provide 256,000 sq ft of office accommodation for a staff of over 1,800. Laid out as a four block courtyard, two of the blocks will span the former graving dock, which is being retained as a water-filled central feature of the scheme. Work is due to start soon and completion is scheduled for late summer in 1993.

Building power station in Hoddesdon

Three construction companies, KIER, HT and LILLEY have, in joint venture, won a £10m contract to build a combined cycle gas fired power station in Hoddesdon, Hertfordshire for Siemens SA.

In addition to extensive civil engineering works, the contract includes the construction of a wide range of buildings. Housings for the gas and steam turbines are to be constructed together with a boiler house and water treatment plant.

Kier Construction is also building two other power stations on a design & build basis in Corby and Peterborough, both for Hawker Siddeley, each valued at £15m.

£25m work for Amey Group

AMEY BUILDING, the new building company of Amey Holdings, which was created from the acquisition of Farr and Tern, has been awarded over £25m of new work in England and Wales.

The largest contract is a £10m 142 bedroom hotel development in Dudley, West Midlands for Copthorne Hotels.

At Gloucester the company has been awarded a £3.7m contract for the design and construction of a pathology laboratory for the South West Regional Health Authority.

Contracts totalling £4.7m for the PSA include living accommodation for junior ranks and hangers for the RAC Gunnery School at Lulworth (£3.4m), together with contracts at Yeovilton for a hanger refurbishment (£660,000) and the redevelopment of the chemical compound at Winterbourne Gunner.

Other recent contracts include the refurbishment of a Rover garage at Salisbury for Rover Finance Properties (£300,000), together with a contract for new services and sanitation to "A" Wing for HM Prisons at Portsmouth (£380,000).

Amey-Tern has won orders worth £2.7m, the most significant being a new apprentice training facility for Mid-Glamorgan County Council (£1.7m).

APPOINTMENTS

Investor relationship

Michael Nagel, a director of Fleming Investment Management, is taking up a full-time position with the TREUHAND, the agency overseeing the privatisation of east German industry. He is to be a senior adviser in the new investor relations department from the beginning of December.

Involved with eastern Germany in various capacities since April 1990, Nagel has recently been advising the Deutschland Investment Corporation, a development capital fund set up by Flemings which specialises in east Germany.

The fund has had a slow start, with just DM8m of the DM92m raised actually invested. Registered in the Cayman Islands, it had been structured to avoid German corporate taxes, but this has meant that the time Nagel could spend in Germany was also restricted.

The department he is to join, which is to be responsible for marketing the Treuhand worldwide, is the creation of Horst Urban, previously chief executive of Continental, the German tyre company, who was eased out earlier this year in the course of the Pirelli bid.

Urban has only been at the Treuhand for a few months - and is expected to leave at the end of the year - but his blunt style has apparently been an effective catalyst at the amorphous organisation.

Despite the knock-down prices at which a number of eastern companies have been changing hands, foreign purchasers have proved elusive.

Treuhand officials concede that luring in non-German investors will continue to be an uphill task, even if the political and economic importance of avoiding the growth of an economy of subsidiaries - "the extended work bench" as it is dubbed in Germany – is widely recognised. The fledgling investor relations division has already optimistically established a presence in both New York and Tokyo. Tomorrow president Birgit Breuel and prominent German industrialists are in London at a CBI function in another effort to woo British investors.

Nagel, a naturalised American, also happens to be a second cousin of Breuel and grew up with her after the Nagel family, fleeing from East Germany, were given shelter by her father.

Not-for-profit planning

The PLANNING EXCHANGE, a Glasgow-based agency supplying a range of information on economic development and planning in the UK, and increasingly, abroad, has appointed Derek Lyddon as its non-executive chairman.

Lyddon was chief planner at the Scottish Development Department from 1967 to 1985, and currently holds positions in planning and the arts, including chairman of the Edinburgh School of Environmental Design. He replaces Bill Taylor, who chaired the agency almost since it was founded 18 years ago and who died in the summer.

An independent not-for-profit organisation funded by its users' fees, the Planning Exchange channels information to a wide selection of public and private sector entities.

Enquiries range from local authorities interested in the criteria for the siting of the Euro-Disney theme park outside Paris, to the London Docklands Development Corporation – "a frequent customer" - wanting to compare notes with other waterfront development schemes. In tandem with Glasgow University, the agency is constructing the supposedly definitive source of data on the Amazonian environment.

Lyddon is also keen to develop activities in eastern Europe, where the agency thinks it can provide valuable information on the type of infrastructural and environmental problems now being encountered in the rebuilding process. The Planning Exchange is at the moment considering how to fund a branch in Budapest.

Non-executive directors

The following have been appointed:

- Nicholas Wills, chairman of BET, to NATIONAL MUTUAL LIFE ASSURANCE SOCIETY.
- Timothy Brookes, chairman and chief executive of In Shops, to CHELTENHAM & GLOUCESTER Building Society.
- Tom Hutchison to AMP ASSET MANAGEMENT.
- John Craven, chairman of Morgan Grenfell, and Laurence Crowley, chairman of P J Carroll and executive chairman of the Michael Smurfit Graduate School of Business at University College, Dublin, to ROTHMANS INTERNATIONAL.
- Sir David Plastow, chairman and chief executive of Vickers, to CABLE AND WIRELESS.
- Prue Leith to LEEDS PERMANENT Building Society.
- Neil Hood, professor of business policy at Strathclyde Business School, to KWIK-FIT HOLDINGS.

MANAGEMENT

Let the women stand up and be counted

Mary Bogan urges companies to look at the facts and figures first before they start talking about an equal opportunities policy

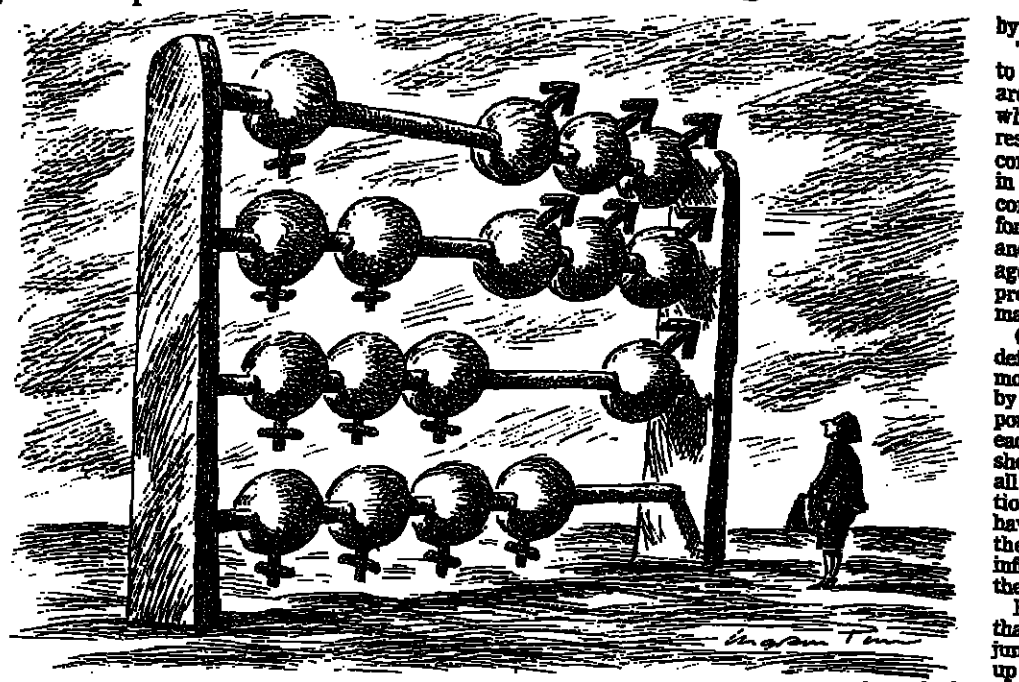
In October 1989 the board of the TSB group spotted a flaw in its five-year business plan. How could it expect to hire and keep quality staff, when school-leavers were in such short supply?

But as the board studied the problem, it became clear that its analysis was all wrong. The real issue was not how to plug the skills gap left by school leavers. It was how to change the the group's attitudes and procedures so that talented employees – women in particular – were allowed to rise.

The penny dropped when the board saw new data showing the under-utilisation of women at the TSB. Accounting for 73 per cent of staff at the lowest level, women represented only 23 per cent of junior managers and 6 per cent of middle managers. Four times as many men as women got promoted from senior clerical to junior management grades.

"Analysing the data made us realise the problem was much bigger than we had thought, and challenged us to find a broader, more creative solution," *says Don McCrickard*, TSB Group's chief executive.

Few employers collect manpower data on their recruitment, development and retention policies. Fewer still could *say whether the figures would* tell a different story if they were broken down by sex. Companies that would never dream of making a profit forecast without hard facts and figures, will happily make predic*tions about the ambitions and* talents of their female employees based on nothing more than supposition or personal experience.



"There's a whole myth that *women graduates leave companies faster than men because* they have children," says Marilyn Davidson from the Manchester School of Management. "But the research shows it is the prejudice and isolation *women experience in companies*, or a belief their promotion opportunities are limited, that forces many to leave."

Over the last couple of years, a small but growing band of companies including ICI, Shell, TSB and the BBC have brought facts and figures to the debate about women in the workplace. All have set up databases both to identify the barriers to women's progress in their companies and *to monitor the measures* taken to bring those barriers down.

What and how much information companies collect varies greatly. ICI, for example, is building a database which will show the composition of the workforce by gender, function and business division, and by age and duration of service.

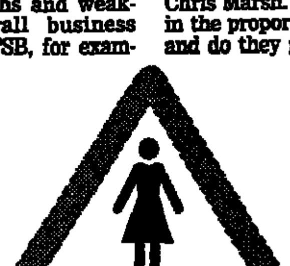
This will allow management to see not just where women are in the organisation, but *whether* women in, say, research climb higher up the corporate ladder than women in finance. It will also enable comparisons of women's performance in different divisions and indicate whether the average woman waits longer for promotion than the average man.

Other companies have defined their monitoring needs more narrowly. TSB has begun by simply monitoring the proportion of men and women in each grade in the group. This shows management what overall impact recruitment, promotion and retention policies have had on the composition of the workforce. It gives no information though about why the composition changes.

For example, TSB knows *that women's representation in* junior management has gone up from 23 per cent to 31 per cent over the last two years. But this improvement could be due to a variety of causes – *perhaps more women* were recruited, perhaps more were promoted or perhaps fewer left the company. It could also be due to restructuring within the group which has created new management opportunities for women.

"This form of monitoring only gives you a snapshot in time," says equal opportunities manager Julie Mellor. "I know what needs to be monitored in the organisation but I didn't want to impose a very *comprehensive* monitoring system on people straight away. In terms of acceptance of the whole process, it's better to build up our information base step by step."

What information companies collect is also determined by internal strengths and weakness and overall business objectives. For TSB, for example, the issue is less about getting women into the workforce and more about developing and retaining them once they are there. But for a male-dominated company in a male dominated industry, like Shell UK, attracting job applications from good quality female candidates is a problem.



As a result the company has *taken a number of steps* to increase its appeal to women applicants, especially graduates. It has, for example, revised its recruitment literature to emphasise career *opportunities for women*. When Shell UK appears on the milk round next year it will have an equal opportunities stand. But how will the company know if these measures are effective in increasing applications from women?

To answer this question, Shell UK is embarking on a sophisticated examination of its recruitment process.

"We're looking at every stage of recruitment," says the company's *employment policy* adviser on equal opportunities, Chris Marsh. "Do women apply in the proportions you'd expect and do they get short-listed? If they are short-*listed*, are they offered jobs in reasonable numbers and if so, do they take up those *offers?*"

Within organisations like BP, Barclays and the Civil Service, databases have been built up over several years. They offer more than a blow-by-blow analysis of the recruitment process, and cover promotion and wastage too. This has produced some interesting findings.

When the Civil Service found that promotion rates for women employees were lower than for men, it undertook a study to pinpoint at which stage women dropped out of the race. A big problem was quickly spotted – women simply did not apply for promotion in similar numbers to men. This was especially true where women had to nominate themselves for a vacancy. In one promotion board, for instance, only 39 per cent of eligible women came forward for promotion against 83 per cent of men.

As a result of its findings, the Civil Service has now asked all departments to avoid self-nomination. Where it is used, managers have been asked to encourage women as well as men to apply for promotion by ensuring, for example, that women are aware of opportunities for part-time working. The Civil Service is now monitoring the *proportion* of women applying for promotion to see if these measures have had any effect.

By itself monitoring will do nothing to break down the barriers blocking the career paths of talented women. It is simply a management tool that helps pinpoint where the barriers occur and alerts management to action.

It does, however, send out a strong message to managers, employees and the outside world about a company's commitment to progress by merit. And, in the longer term, its most important function may be that it brings hard information to companies' discussions about women in the workplace.

Dinosaurs in the New Organisation

Richard Scase says that British companies are stuck in the dark ages of corporate culture

Management gurus are constantly telling us that business organisations are in the process of radical change. They talk about flat structures, the absence of hierarchy, decentralisation and devolution of responsibilities. They see the end of secure careers for corporate managers.

Most of these predictions are speculative, rarely drawing upon hard evidence. Most examples are from American high-technology corporations – such as IBM, Hewlett-Packard and 3M. Management thinkers act as though such models are directly transferable to all industrial countries and to all types of corporations, regardless of product or skill levels.

But it is not clear whether the model fits the majority of UK companies, located in manufacturing, retailing and the "low-skill" service sectors.

There are many barriers to the adoption of this New Organisation in the UK. It pre-supposes "high trust" cultures, where employees are trusted by their managers and are left alone to get on with their jobs. But Britain is a low trust society. The legacy of the poor industrial relations of the 1970s and the notorious British class structure nurture suspicion and division.

This is reflected in many large organisations in relations between managers as well as between management and workers.

The New Organisation requires new abilities among managers. Instead of managing through rules *and formal procedures within hierarchies*, sophisticated inter-personal skills are needed.

The New Organisation demands leadership through inspiration, motivation and commitment rather than management by memos from behind closed doors; teamwork and co-operation rather than competitive individualism; and general talents in negotiation, goal setting and human resource management.

But the training of managers in Britain emphasises the need for specialist technical skills to the neglect of "intangible" and "soft" human resource skills.

If it is to function efficiently, the *New Organisation needs adaptable* employees who are prepared to cover for each other within teams and operate with broadly defined job roles. But in Britain, the system educates future employees to expect security, routine and stability in their job tasks.

The educational system does not stimulate creativity and the search for excitement, change and challenge at work. But the New Organisation needs such forces. This leads to a further obstacle. Managers in Britain are ill-trained to handle programmes of change and corporate restructuring. The aims and objectives of change programmes are *usually clearly defined. But these* objectives are often only partially achieved because of inadequacies in the management and implementation of the change process.

The New Organisation abolishes long-term careers, security and status. But these are central to the British economic culture and are important sources of motivation. The ideals of the civil service and the traditional professions continue to shape business culture despite a 10-year flirtation with entrepreneurship and risk-taking. An essential ingredient of the New Organisation is a culture which emphasises innovation and change. To bring this *about, corporate leaders need* sophisticated techniques and skills. A change in corporate culture demands long-term strategies, whereas British organisations tend to pursue counter-productive "quick fixes".

Does all this mean that strategies for developing the New Organisation are doomed? The problems can be overcome – as witnessed by the successes of organisations such as the TSB, parts of the Reed International group and Mercury Communications.

There is now sufficient data available to guide managers in their pursuit of the New Organisation. *Corporate leaders, following the* Japanese example, should change their personnel policy. This is the starting point for creating cost-effective, competitive, pro-active New Organisations.

The New Organisation already flourishes in some sectors of the economy – in advertising, publishing, television and film production, and in parts of financial and professional services.

The challenge facing British management is to apply these patterns to large public- and private-sector organisations. It is in these corporations that there are the greatest obstacles to developing new management styles.

But in view of the broader culture of British society, perhaps the creation of innovative bureaucracies in large areas of these sectors is as far as the process is likely to go.

Richard Scase is Professor of Organisational Behaviour at the University of Kent at Canterbury.

CONTRACTS & TENDERS

PETROBRÁS
PETRÓLEO BRASILEIRO S.A.

INTERNATIONAL PUBLIC BIDDING
Notice No. 9-849-854-91

Petróleo Brasileiro S.A - PETROBRÁS requested a loan from the World Bank, in several currencies, for a total amount equivalent to US$ 260 million (American dollars) and intends to apply part of these funds in Contracts for the Construction and erection with partial supply of materials of the mainlines of the RECONCAVO/SOUTH of BAHIA pipeline (ORSUB) and the PARANÁ/SANTA CATARINA pipeline with approximated extensions of 361 km and 263 km, respectively and diameters of 10 and 8 inches.

Companies or Joint Ventures with headquarters in member countries of the World Bank, Switzerland, and Taiwan and that may be interested in these projects, shall undergo a process of Prequalification for each one of the projects separatedly or jointly in order to be able to participate, later on, in the Bidding for contracting such services, provided that they comply with the minimum experience for each case below, in building carbon-steel pipelines (1) ORSUB: (a) - 125 km, with diameter equal to or greater than 8 inches, in a sole project, during the last 5 (five) years, or: (b) - 240 Km, with diameter equal to or greater than 8 inches, during the last 10 (ten) years, or (c) 2.100.000 meter-inches, with diameter equal to or greater than 12 (twelve) inches, during the last 10 (ten) years; (2) OPASC: (a) - 100 Km, with diameter equal to or greater than 8 inches, in a sole project, during the last 5 (five) years, or; (b) 175 Km, with diameter equal to or greater than 8 inches, during the last 10 (ten) years, or (c) 1,500,000 meter-inches, with diameter equal to or greater than 12 (twelve) inches, during the last 10 (ten) years (3) ORSUB and OPASC (a) 200 Km, with diameter equal to or greater than 8 inches, in a sole project, during the last 5 (five) years, or; (b) 400 Km, with diameter equal to or greater than 8 inches, during the last 10 (ten) years, or (c) 3,600,000 meter-inches, with diameter equal to or greater than 12 (twelve) inches, during the last 10 (ten) years.

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Preparatory Group

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to: Urzad Wojewódzki

Wydzial Rozwoju Gospodarczego, p.65
Ostroleka
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LEGAL NOTICES

POLLY PECK INTERNATIONAL PLC

TO THE HOLDERS OF 7¼% GUARANTEED REDEEMABLE CONVERTIBLE PREFERENCE SHARES 1994/2005 (NOMINAL VALUE US$1 PAID UP VALUE US$100) ISSUED BY
POLLY PECK INTERNATIONAL (FINANCE) NV

The Joint Administrators of Polly Peck International Plc have convened an informal conference to provide information concerning the quantum and timing of funds that may become available to holders of the above shares in Polly Peck International (Finance) NV. The conference is to be held at 2.45 pm on Thursday 5 December 1991 at The Chartered Insurance Institute, 20 Aldermanbury, London, EC2.
Admission to the conference will be limited to representatives of the current beneficial holders of the shares and/or the relevant coupons ("the holders"). Accordingly persons attending will be required to produce an original letter from the holder, confirming beneficial ownership as at 2.45 pm on 5 December 1991 of a stated number of shares and/or coupons giving the full names and addresses of the authorised representative(s). The number of representatives will be limited to two per holder.
For ease of administration, all holders intending to attend are requested to give prior notification to *John Pakenham-Walsh of the Joint Administrators'* staff (Tel: (071) 583 5000. Fax: (071) 606 9887).
Please note this is not a formal meeting of the shareholders of the company and no formal resolutions will be considered.
M A JORDAN
Joint Administrator
POLLY PECK INTERNATIONAL PLC 19 November 1991

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PUBLIC NOTICES

RENEWAL OF GENERAL INSURANCES

Tayside Regional Council is Scotland's Fourth largest Region, providing the full range of major Local *Authority services over a geographical area spanning* Perth and Kinross, Dundee and Angus.
Prior to expiry of Long-Term Agreements on 31 March 1992, the Director of Finance wishes to review the existing arrangements for Property, Liability and Motor Insurances. The principal objective will be to match *realistic retention levels with premium economy and* minimised administration costs. In view of the nature of the Contracts under consideration, traditional Local Authority tendering procedures will not apply.
With this in mind, enquiries are invited from Insurance Companies specialising in all or any of these classes *of business, to establish if mutually advantageous* potential exists.
It is envisaged that initial approaches will ascertain if serious underwriting opportunities are possible.
Thereafter, comprehensive risk information will be provided to Companies who wish to remain in contention, followed by any necessary discussion and negotiation prior to an agreed deadline for submission of costs.
Initial indications of interest are required by 13 December 1991.
Please respond in the first instance to the Insurance Manager, Department of Finance, Tayside House, Dundee DD1 3RF.

Tayside Regional Council

IN THE MATTER of METRO COMPUTER CONSULTANTS LIMITED AND METRO COMPUTER CONSULTANTS (SOUTHERN) LIMITED
AND
IN THE MATTER of the Insolvency Act 1986.

NOTICE IS HEREBY GIVEN pursuant to section 98 of the Insolvency Act 1986 that a meeting of the Creditors of Metro Computer Consultants Limited and Metro Computer Consultants (Southern) Limited will be held at Spectrum House, 20-26 Cursitor Street, London, EC4A 1HY, on Friday the 29th day of November 1991 at 10.15 am and 11.45 am respectively in the forenoon for the purposes provided for in sections 99, 100, and 101 of the said Act.
A list of the names and addresses of the companys' creditors will be available for inspection at the offices of Spectrum House, 20-26 Cursitor St., London, EC4A 1HY on the two business days falling next before the day of the meeting.
Dated this 11th day of November 1991.
F. COOK. Director.

NOTE: Proxies to be used at the meeting must be lodged at the Registered Office of the Company at Kidsons Impey, Enterprise House, 83a Western Road, Hove, East Sussex, BN3 1JJ, together with the proof of debt form no later than 4.00 o'clock on the 28th day of November 1991.

ID INVESTMENT DEVELOPMENT AG
Registered in Switzerland
Principal Place of Business
Bergstrasse 28
Glarus
Switzerland

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above named Company will be held at the offices of Cork Gully, The Atrium, St Georges Street, Norwich, NR3 1AG, at 10.30 hours on 4 December 1991 for the purposes of having laid before it a copy of the report prepared by the Joint Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.
Creditors whose claims are wholly secured are not entitled to attend or be presented at the meeting. Other creditors are only entitled to vote if:-
(a) they have delivered to us at the address shown above no later than 12 noon on 3 December 1991, written details of the debts they claim to be due to them from the Company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.
Please note that the original proxy, signed by or on the behalf of the creditor, must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
J. M. Sisson
Joint Receiver
Dated: 20 November 1991.

QUALTEX INDUSTRIES LIMITED
Registered number: 391289.

Nature of business: Manufacture of electric motors and components.
Trade classification: 07.
Date of appointment of joint administrative receivers: 8 November 1991.
Name of person appointing the joint administrative receivers: National Westminster Bank Plc.
In accordance with the provisions of a debenture dated 29 July 1991.
C.J. Hughes and T.R. Harris
Joint Administrative Receivers
(Office holder nos. 141 and 2128)
of Cork Gully
Shelley House,
3 Noble Street,
London EC2V 7DQ.

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
[illegible] LIMITED
NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at The Palace Hotel, 31 Great Cumberland Place, Marble Arch, London W1, on 10th December 1991 at 12 noon for the purposes provided for in Section 98 et seq.
A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 48 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 19th November 1991
G. Smith, Director

LEISURE RESOURCES GROUP LIMITED
(IN ADMINISTRATIVE RECEIVERSHIP)
NOTICE IS HEREBY GIVEN pursuant to Section 48 (2) of the Insolvency Act 1986, that a Meeting of the Unsecured Creditors of the above-named Company will be held at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU, on the 4th day of December, 1991 at 10.30 o'clock in the morning, for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act.
Creditors are only entitled to vote if:
a) they have delivered to us at the address shown above, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and
b) there has been lodged with us any proxy which the creditor intends to use on his behalf.
Dated this 14th day of November 1991
I. Jacob and N. Ruddock
Joint Administrative Receivers

AVIATION AIRSPRAY LIMITED
(IN ADMINISTRATIVE RECEIVERSHIP)
NOTICE IS HEREBY GIVEN pursuant to Section 48 (2) of the Insolvency Act 1986, that a Meeting of the Unsecured Creditors of the above-named Company will be held at the offices of Robson Rhodes, The Galleria, Station Road, Crawley, West Sussex, RH10 1HY, on the 5th day of December, 1991 at 10.00 o'clock in the forenoon, for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act.
Creditors are only entitled to vote if:
a) they have delivered to us at the address shown above, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and
b) there has been lodged with us any proxy which the creditor intends to use on his behalf.
Dated this 18th day of November 1991
N. Ruddock and I. Jacob
Joint Administrative Receivers
Creditors may obtain a copy of the report, free of charge, on application to the Joint Administrative Receivers at Robson Rhodes, The Galleria, Station Road, Crawley, West Sussex, RH10 1HY.

DELTA HOUSE ENGINEERING LIMITED
Registered number: 1322058.

Nature of business: Air Conditioning, Ventilation, Electrical Services.
Trade classification: DIV 207.
Date of appointment of administrative receivers: 12th November 1991.
Name of person appointing the administrative receivers: Midland Bank Plc.
N.J. Vooght and J.M. Iredale.
Joint Administrative Receivers.
(Office holder nos 6339 and 2104) of
Orchard House,
10 Albion Place,
Maidstone,
Kent ME14 5DZ.

HARTLEY BAIRD PLC.
Registered number: 295949.

Nature of business: Manufacture of motors and components.
Trade classification: 07.
Date of appointment of joint administrative receivers: 8 November 1991.
Name of person appointing the joint administrative receivers: National Westminster Bank plc.
In accordance with the provisions of a debenture dated 18 July 1991
C.J. Hughes and T.R. Harris
Joint Administrative Receivers
(Office holder nos 141 and 2128)
of Cork Gully,
Shelley House,
3 Noble Street,
London EC2V 7DQ.

FALCAIN ENGINEERS (DINNINGTON) LIMITED
Registered no: 808682.

Trade classification: 7
Name and address of joint administrative receivers:
David John Stokes and Anthony James Wood,
Cork Gully,
1 East Parade,
Sheffield S1 2ET.
Office holder numbers: 2682 and 2963.
Date of appointment: 14 November 1991.
Name of appointer: National Westminster Bank plc.

INSOLVENCY ACT 1986
C. L. GAUL & COMPANY LIMITED
ROBERT FIELD & PARTNERS LIMITED
THE WESTOVER ICE RINK LIMITED
ALL IN ADMINISTRATIVE RECEIVERSHIP

Notice is hereby given that a meeting of the creditors of the above named companies will be held under the provisions of S48 of the Insolvency Act 1986 at the office of Cork Gully, Shelly House, 3 Noble Street, London, EC2V 7DQ, on 4 December 1991 at 3.30 pm for the purposes mentioned in S48(2) and S49 of the Act.
Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.
Written statements of claim must be lodged with the joint administrative receivers before 12 noon on the business day before the meeting at the offices of Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge, CB3 0BL.
M Pallos
Joint Administrative Receiver
15 November 1991.

POLLARDS MOTORWAY SERVICES LIMITED

Registered no: 1165394.

Trade classification: 32
Name *and address* of joint administrative receivers
David John Stokes and Anthony James Wood,
Cork Gully
1 East Parade,
Sheffield S1 2ET.
Office holder numbers. 2682 and 2963
Date of appointment: 13 November 1991
Name *of appointer:* National Westminster Bank PLC

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Allen Haden Motian Trio

QUEEN ELIZABETH HALL

The distillation of jazz into a piano trio format is music in its purest form for some people: piano, double bass and drum with space to breathe, improvise and interact. The trio of pianist Geri Allen, bassist Charlie Haden and drummer Paul Motian is the condensed virtuoso talent of Haden's Liberation Music Orchestra, and is sure to be recognised as a classic trio at that.

Brought in for a UK tour as part of Contemporary Music Network's Rolling Rock-ponsored season after a summer on the road with the larger ensemble, the trio was in a reflective but also expansive mood, sharing out each other's material, from Haden's "Sandino" to Allen's "Dolphy's Dance". They are natural partners and pulled the numbers from the air casually. Yet they managed to surprise each other with gently rambling solo parts and drifted comfortably around their fleeting melodies.

Haden and Motian drive together well, sharing small group experience with Keith Jarrett and also with the Jazz Composers' Orchestra Association. Both have made a mark with their instruments for ground breaking work in the avant-garde and in this trio both swung in a studiously lopsided way. Allen, a relative novice, but no less delicate and sensitive a player, rolled along with them, bringing with her some of the fire from her fiercer, younger contemporaries in the M-Base collective.

It is deceptively sophisticated stuff. In "Blues in Motian", for example, Haden's plangent bass style seems to draw in Motian's minimal, skittering drum parts, Allen's ragged Monk-like playing hanging back behind the melody. With "Mumbo Jumbo", Motian leads this time with more force, Haden more introverted and Allen throwing in the rhythm. "Shuffle Montgomery" featured a reverberatingly entrancing solo from Haden and crankily fragmented close from Motian. Called back for a delicious "Round Midnight", to encore, they reminded us of their roots.

Less sure of their roots, but closer to them (they are French and young) the Louis Sclavis Quartet provided bright contrast and support to the subdued colours of the trio. Sclavis, from Lyons, is a talented clarinettist who writes busy, jerky tunes which are interpreted in a detached sort of way by him, keyboards, double bass and drums. His own playing is an unusual mix of francophone breeziness to percussive, valve clattering abstraction. With his experimental sounds on bass clarinet and Francois Raulin's synth squawks, titles like "Les Bouteilles" and "Les Hommes", are crying out for choreography.

The tour continues to Bracknell Wild Theatre (Nov 25); Sheffield Leadmill (Nov 26); Manchester Royal Northern College of Music (Nov 27); Leeds Irish Centre (Nov 28); and Birmingham Adrian Boult Hall (Nov 29).

Garry Booth

To the Lighthouse

Lynn MacRitchie on why artists are returning to Docklands

TRINITY Buoy Wharf is a bit of Docklands that still reels as if it had something to do with water and ships. The water is right there, lapping at the quayside, and the ships sail by close enough to touch. Even Canary Wharf towers at a safe distance, like a vision of another time, for Trinity Buoy Wharf today still has something of Docklands as it was before the future caught up with it.

It is in the derelict lighthouse that Matt's Gallery is presenting an installation by Brian Catling, an artist with a record which includes installations and performances specially made for locations in Denmark, Germany, Switzerland and Norway as well as England. Visitors climb up first to an attic-like space where he has set out pieces of reflectors from the original light arranged in the thick dust on the wooden floor. Catling is present throughout the installation's opening hours (Friday to Sunday until December 1 or by appointment – telephone 071 249 3799), reading from writings he made at the lighthouse during his preparation of the work.

Docklands provokes romantic responses: even in its most developed regions, it is impossible to be unaware of the area's past, its fundamental role in the growth of city and empire, the testament to history which was its demise. It also provokes opportunism. The work of artists and their promoters and sponsors in the area combines all these factors, with as yet unresolved results. Matt's Gallery is hoping that the lighthouse space may become a new permanent venue for art and artists.

The London Docklands Development Corporation (LDDC), which owns the building, would like that too – if, that is, a more lucrative offer is not forthcoming for the site. The LDDC sponsored a fascinating show last September (which was organised by the Wise Taylor Partnership) in which the derelict Wapping Hydraulic Pumping Station was filled with extraordinary artworks created by artists specifically for the site. The site has since been the object of various commercial offers, including plans to set up a sound studio, a catering college and a hotel. No deals have yet been struck, however.

Former LDDC arts development manager John Kieffer was straightforward about the role of art as something to attract business interests to the Docklands, and, once there, to keep them there by improving the investment potential of the area as well as its working environment.

The relationship between artists themselves and such areas is complex. For artists were the original pioneers of the derelict Docklands, moving into its empty warehouses when no-one wanted such enormous run-down buildings. The dancers and artists who first colonised Butlers Wharf in the 1970s, for example, got their space cheap until the developers moved in behind them. Now, with the expensively renovated complex in receivership, artists are being invited back.

At the Clove Building, a retail unit has become the Gallery space for the past year (currently occupied by Gary Hilson, Martha MacLean and Michael Watson until November 30.)

Over at the Circle, a residential development by Jacob's Island Company a block or so south of Butlers Wharf, the Museum of Installation has organised a series of three shows by "Content", a group of four artists. Katherine Clark, Amy Eshoo, Susan Morris and Mark Pimlott have created installation pieces in the windows of some of the development's unlet shops. Intriguing though this teasing "window dressing" is, the mostly small-scale works had a hard time competing with the remarkable architecture of the development itself, and the resonant emptiness of those other shops whose plate glass windows revealed the melancholy of their premature redundancy.

Now the shop windows sport jolly stickers advising their availability and the artists, at their second attempt, have taken to their spaces with more élan. Mark Pimlott fills a unit with 300 Twigzil pencils – pencils which look like twigs, until you spot their neat coloured tips. Scattered on the concrete of the bare shop floor, they conjure art and autumn in a clever conjuncture. His original piece, a blown up photograph of a tree, has shed autumn "leaves".

For the moment varied interests have turned Docklands into a theatre for artworks of all kinds. The artists, having lost their original outposts to the developers, are now being asked to return by those same developers or their successors, anxious to add value – human value, a point of contact – to an environment still widely perceived as hostile. Some of those places may become permanent sites for galleries or artists' studios – unless the space becomes too valuable for anything other than full commercial usage to be economically viable.

Ernst & Young, who now run Butler's Wharf on behalf of Midland Bank, are prepared for a receivership which could last five years. So, just like 20 years ago, Docklands' troubles are the art world's opportunity. It will be fascinating to see how this shifting alliance survives the recovery when it comes.

Photograph by Robin Klassnik of the lighthouse reflected in a puddle

Chamber Orchestra of Europe

BARBICAN HALL

This orchestra of young people plays with freshness, love, vitality. It oughtn't to be counted exceptional, but it is – as long as stale routine bulks large in "normal" London orchestral concert-giving, music-making of the kind we heard on Friday evening will continue to carry about it an air of the magical.

In fact, there was no hocus-pocus about the performances, merely – merely! – a sense of mutual responsiveness between the conductor, Frans Brüggen, and the players, and a devotion to drawing out every ounce of musicianly energy from the scores. Such joyously sappy accounts of the Mendelssohn *Hebrides* Overture and the Schumann Fourth Symphony provided cruel testimony to how often one has heard these works treated as programme fillers – ploughed through, their colours standardised, their dramatic contours smoothed out, all sense of adventure removed.

Brüggen delights in contrasts. He and the orchestra achieve these not through brute extremes of dynamics, vulgar spurts of speed – not, in other words, through applied feats of platform showmanship – but by means of extreme concentration on details of phrasing and texture.

Listening to the bird-cries and the breeze-whispers of the Mendelssohn, I had to remind myself that this was an orchestra of modern, not "period" instruments: the surface of the music was so captivatingly various and the substance of the sonority so well-ventilated.

The same was true of the Schumann, with the result that the often-derided scoring sounded uncommonly clear and balanced. (The exuberant yet unostentatious playing of the horn quartet was a constant bonus.) Brüggen's way with Schumann's tempo-markings may be quirky – some fast movements seemed slower than usual, and vice versa – but the overall build-up of momentum, which paid off in a glowing finale, suggested deep creative sympathy with his symphonic processes.

Between these two utterly exhilarating experiences, a satisfying one of the Mozart Sinfonia Concertante, K364. The leaders of the orchestra's first-violin and viola sections, Marieke Blankenstijn (slightly nervous at times) and Diemut Poppen, brought a welcome feeling for chamber-music intimacy to their solo roles; it was perhaps only in comparison with the orchestra's Mendelssohn and Schumann that the last degree of dramatic characterisation seemed missing.

Max Loppert

Julia Migenes

FESTIVAL HALL

When opera divas take off their motley and try to sing the music of contemporary life it is usually mutually embarrassing for both the star and her admirers. The over enunciation in an artificially contrived voice of the potent words of cheap music by performers who lack grace and ease when deprived of their operatic character leads to stilted, unsatisfactory, recitals.

Yet Julia Migenes, who caused a stir in the Earl's Court *Tosca* earlier this year, was a triumph at the Festival Hall on Friday night. Entering from the back of the stalls, a small figure with dreadlocks, swamped in evening tails, the omens were not good. And when she embarked on a musical saga of her life, the fears grew. But as soon as she threw away her jacket to expose a lacy body stocking of a bodice the relaxation was total. Ms Migenes is a cross-over artiste of overwhelming style and accomplishment, capable of adapting a thrilling voice, and a spikey personality, to the intimacy of the concert hall.

Opera fans were out of luck. An aria from *Carmen* was all they got of Migenes at full throttle but she cleverly exposed the quality of her voice when she recalled her early days in New York. It was opera by day and Broadway by night and she interspersed snatches from *Madame Butterfly* and *Fiddler on the Roof* in one medley to make the contrast in her working life and the choice she faced. She went for opera but kept the common touch.

And she displayed her origins as a trouper with a mesmerising display of popular singing of the highest quality: Brecht and Weil, French chansons, Bernstein and Gershwin and a finale of Ellington – the choice of material was impeccable, the delivery straight and from the heart.

Julia Migenes is still young and fresh enough to sing for the occasion rather than to deliver a pre-packaged performance. There were no maudlin introductions; no outrageous flattery; no simpering personal indiscretions.

By the end she was that rarest of opera singers, one able to present a convincing advertisement for pop. Lionel Ritchie's "Hello" was bolstered, not swamped, in her performance. "I'll survive", delivered on her knees and with every word hammered home, was as dramatic as anything in *Tosca*. At a time when so many opera singers are turning to pop to bolster their pension funds it was reassuring to watch a child of popular music reviving her roots and at the same time stripping opera of its mystique.

Antony Thorncroft

Noonbreak

FRENCH INSTITUTE, SW7

It seems a fascinating reflection on national tastes that Paul Claudel, one of the most important French playwrights of this century, should be so little known in the UK. Yet watching his 1948 play *Noonbreak*, in a lyrical new translation by Susannah York, I can see why. There is no let-up in the intensity of this partly autobiographical portrayal of a turn-of-the-century love affair between a lonely Hong Kong customs official and the beautiful wife of a rather suspect expatriate.

That does not mean that the play has no humour. The characterisation of the three men competing for Ysé's love is spiked with little absurdities. But there is a reverence for love itself that is almost embarrassing in its fervour, making connections between carnal and spiritual longings that are outside the range of the English theatre, and arguably of the English temperament.

Claudel (1868-1955) was a man of many parts: poet, diplomat, failed priest and playwright who invented his own irregular verse form for his plays. The language of *Partage de Midi*, in York's convincing translation, is lush and melodramatic, floating off into abstraction and then wheeling back into passionate declaration.

In the first act, the four characters are becalmed on a slow boat to China, which becomes a metaphor for the aimlessness of middle age; in the second, Ysé and her soulmate, Mesa, connect in a Hong Kong graveyard, after he guiltily dispatches her husband to almost certain death; in the third, Mesa rediscovers Ysé shacked up with a wordly rubber planter as a native rebellion rages outside.

He reclaims her, and Eloi Recoing's elegant production climaxes in the image of Mesa on a tea-chest, reaching up towards heaven, as Ysé clings to his legs.

The deep purple of the writing is offset by a billowing whiteness of design that is familiar from stagings of Marguerite Duras' work. To Claudel's credit (and this too is pretty un-English) he is capable of creating romantic leads out of middle-aged characters. Ysé provides Susannah York with a marvellous vehicle, in which the mature passions of the woman are illustrated by the mature talents of the actress, whose face is as lovely as ever, but whose voice has rounded and deepened with time. No wonder this is one of the plum roles of the French theatre.

There are good parts too for the men. Michael Thomas, as Mesa, has a glum, unworldly quality which contrasts with the complacent virility of Tim Woodward's rubber planter and the dull insensitivity of Sam Cox as Ysé's husband. Yet for all its strengths, I cannot see this play becoming part of the English repertory.

Claire Armitstead

Rostropovich's Prokofiev

BARBICAN HALL

The Barbican is plainly having a great success with Rostropovich's festival for the Prokofiev centenary. Again on Thursday, there was an eager full house – despite a programme that contained no guaranteed crowd-pleaser. Even the Second Violin Concerto, after all, plays a modest second fiddle to the brilliant First, as does the Sixth Symphony to the Fifth; and along with those less-loved siblings we got only the Russian Overture from 1936, which is universally neglected for reasons that became obvious almost at once.

The sole interesting feature of the "Russian" Overture is that it actually sounds to be Prokofiev's most brassily *American* exercise. David Nice's excitable programme note admitted that Prokofiev made a thinned-down version of the Overture the next year, but maintained that "it needs the resplendent forces of the original". On the contrary: since the piece is a loose ragbag of bland bottom-drawer material, the grossly over-orchestrated original adds aural injury to aesthetic insult. Where the fearsome barrage of the 1925 Second Symphony at least served authentically aggressive musical intentions, the panoply for this Overture serves only to magnify its bitelessness and inconsequence.

As conductor, Rostropovich did his best for it, and the London Symphony too. The main works in the programme were of course vastly better music; and while Itzhak Perlman was playing the Second Concerto, invidious comparisons with the First were banished from mind. As usual he was technically faultless, but beyond that he found speaking tones for all of his role – temperate, earnestly candid, conveying musical sense with unshowy directness. Much of the material has a folk flavour which invites that, but it is a rare violinist who can exploit it so affectingly without resorting to tricks. There was a well-earned ovation.

Prokofiev's Symphony no. 6 was uncertainly received by Zhdanov's gang in 1947 (what *was* its message meant to be?) and then relegated, brusquely and effectively. Since the ban crumbled, the Symphony has made decent headway in the repertoire: many things in it are pungent and memorable, and if the symphonic "argument" is obscure there are enough springy, sprightly passages – however wry or grotesque – to keep the parade underway. This time, Rostropovich chose to give maximum value to the protesting howls, to curdled menace in the low brass (the tuba loomed unaccustomedly large), to blanched, irresolute distress among the strings. If the idea was to present the Symphony as an vividly unhappy testament, he succeeded; but as to whether any guiding thread runs through it, he left us in the dark.

David Murray

Duke Ellington anniversary concert

The Duke Ellington anniversary concert takes place on Wednesday November 27 at the Purcell Room on the South Bank, London.

On this occasion trombonist Bob Hunt leads a seven-piece band playing some of Ellington's earliest compositions which were written for his small bands.

Alan Elsdon (trumpet), Alan Barnes (reeds) and Dave Green (bass) are among the musicians in the Bob Hunt band.

Further details from Michael Webber, MW Promotions, 19 Netherhall Gardens, London NW3 5RL.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Valentin Zhuk, Dmitri Ferschtmann and Arielle Vernede play piano trios by Haydn, Shostakovich and Schubert. Wed: Frans Bruggen conducts the Royal Concertgebouw Orchestra in a lunchtime concert of Mozart works, followed by an evening programme including the Piano Concerto No 25, with soloist Ronald Brautigam, also Thurs. Sat afternoon: Henry Lewis conducts a concert performance of Adriana Lecouvreur, with Margaret Price in the title role. Sat evening: Jessye Norman recital (6718 345)

Muziektheater 20.00 Hans-Martin Schneidt conducts Johannes Schaaf's production of Fidelio, with Josephine Barstow as Leonora. Last performance on Thurs. Sat, Sun and next Tues: Nederlands Dans Theater (6255 455)

BARCELONA

Gran Teatre del Liceu 21.00 Craig Smith conducts Peter Sellars' production of Le nozze di Figaro, with an all-American cast. Repeated on Wed, Fri and Sun. Sat: Lieder recital by Christa Ludwig (412 1466)

BERLIN

MUSIC

Staatsoper unter den Linden 19.00 Egon Bischoff's production of Swan Lake. Wed: La traviata. Thurs: Die Zauberflote. Fri: Fidelio. Sat: Ariadne auf Naxos. Sun: L'Africaine (East Berlin 2004 762)

Komische Oper 19.00 Rolf Reuter conducts Harry Kupfer's production of Die Zauberflote. Tomorrow: Swan Lake. Wed: Idomeneo. Thurs: Tales of Hoffmann ballet. Fri: Entfuhrung. Sat: Le nozze di Figaro (East Berlin 2292 555)

Schauspielhaus 20.00 Ensemble Oriol in a programme including Honegger's Second Symphony and B.A. Zimmermann's Concerto for String Orchestra. Wed: Carlos Kalmar conducts the Berlin Symphony Orchestra. Thurs: Mozart programme with the Berlin Sinfonietta. Fri and Sat: Abbado conducts the Berlin Philharmonic (East Berlin 2272 261)

THEATRE

East Berlin: the Volksbuhne has a new production of Moliere's Le Misanthrope, directed by Henry Hubchen, opening on Sun, plus Shakespeare's The Comedy of Errors on Thurs and Fri (282 3394). This week's repertory at the Berliner Ensemble includes The Caucasian Chalk Circle tonight, Mother Courage tomorrow and Baal on Wed (2827 712). The Deutsches Theater Kammerspiele has a new single-evening adaptation of the Henry IV plays on Wed and Ibsen's John Gabriel Borkman on Fri (2871 226). The Maxim Gorki Theater has George Tabori's Mein Kampf tonight and Fri, and Chekhov's Three Sisters on Sat (2082 748).

West Berlin: the Schiller Theater's new production of Moliere's Le Malade imaginaire can be seen tomorrow, Thurs and Sat (3195 236). The Schaubuhne has Shakespeare's The Winter's Tale tomorrow and Thurs, with Kleist's Amphitryon on Fri and Sat (890023).

BOLOGNA

Teatro Communale 21.00 Song recital by Lucia Popp, accompanied by Irwin Gage. Tomorrow, Thurs and Sun: Riccardo Chailly conducts Hugo de Ana's new production of Werther, with Giuseppe Sabbatini in the title role (529999)

BRUSSELS

This week's events at the Palais des Beaux Arts include a piano recital tonight at 20.00 by Elisabeth Leonskaja and a performance of Verdi's Requiem on Thurs by the Orchestra and Chorus of the Teatro Nacional de Sao Carlos, Lisbon. The conductor is Wolfgang Rennert and the soloists include Dennis O'Neill and Anna Tomowa-Sintow. On Fri, Ronald Zollman conducts the Belgian National Orchestra in music by Smetana and Dvorak, with Peter Frankl soloist in Bartok's Second Piano Concerto (507 8200). The Theatre National's new production of Georg Buchner's play Leonce and Lena runs daily from tomorrow till Dec 7, except next Mon (217 0303)

LONDON

Queen Elizabeth Hall 19.45 London Chamber Orchestra in music by Arensky, Glazunov and Tchaikovsky. Tomorrow in Festival Hall: Kurt Masur conducts the LPO, with Viktoria Mullova violin soloist (071-928 8800)

Barbican 19.45 Frans Bruggen conducts the Chamber Orchestra of Europe in Haydn's Creation, sung in German with soloists Amanda Roocroft, Laurence Dale and David Thomas. Tues, Wed and Thurs: Prokofiev Festival (071-638 8891)

NEW YORK

Blue Note Jazz Club and Restaurant

Tonight's guest artists are the Leann Ledgerwood Quintet, with shows at 21.00, 23.00 and 01.00. From tomorrow till Sun, there will be shows every evening at 21.00 and 23.30 by Jon Lucien and the New York Voices. Lucien became known in the 1970s for his sensual treatment of ballads. He moved out of the limelight in the early 1980s, after returning to his native Virgin Islands and then to Puerto Rico, but has now started recording again with a mix of jazz, R&B, calypso and Latin tunes. The New York Voices, a quintet with a powerhouse rhythm section, are one of the leading NY jazz vocal groups. Next week: Gerry Mulligan Quartet, plus Milton Nascimento (131 W. 3rd St, 475 8592)

Metropolitan Opera

Tonight at 20.00, Leopold Hager conducts Cosi fan tutte with a cast led by Carol Vaness, Siegmund Cowan, Frank Lopardo and Carlos Feller, also Sat evening. Tomorrow and Sat afternoon: La traviata. Wed: L'elisir d'amore. Fri: Entfuhrung (362 6000)

New York Philharmonic

In tomorrow's concert at Avery Fisher Hall, Midori plays Tchaikovsky's Violin Concerto in a programme conducted by Charles Dutoit. On Fri and Sat, Erich Leinsdorf returns for three weeks of Philharmonic concerts, starting with a programme including Richard Strauss' Sonatina for 16 winds (875 5030)

City Ballet

This week's repertory performances begin tomorrow with three Balanchine choreographies, continuing daily till Sun. Next week: The Nutcracker (870 5570)

PARIS

Opera Bastille 19.30 Final performance of Andrei Serban's production of The Fiery Angel, conducted by Myung-Whun Chung. Fri: Heinz Holliger plays Bruno Maderna's First Oboe Concerto and conducts performances of his own music with Ensemble Contrechamps (4001 1616)

Théâtre des Champs-Elysees 20.30 Jean-Claude Malgoire conducts a concert performance of Gluck's Alceste, with Claire Primrose, Francois Le Roux and Donald Litaker. Tomorrow: final concert of the Thibaud/Long piano competition. Wed: piano recital by Emile Naoumoff. Thurs: Valery Gergiev conducts the Orchestre National de France (4720 3637)

Chatelet 19.00 Song recital by Della Jones, accompanied by Malcolm Martineau. Tues to Sun: daily performances of West Side Story (4028 2840)

VIENNA

MUSIC

Staatsoper 19.00 Berislav Klobucar conducts Arabella, with Karen Huffstodt and Bernd Weikl. Tomorrow: La forza del destino. Wed: Katya Kabanova. Thurs: Idomeneo. Fri: Die Zauberflote. Sat: Samson et Dalila with Agnes Baltsa (51444 2960)

Musikverein 20.30 Pinchas Steinberg conducts the Austrian Radio Symphony Orchestra in music by Liszt and Bartok. In the Brahms-Saal, Hermann Prey and friends present a Schubert programme. Tomorrow: Vienna Schubert Trio and Michael Kugel play Brahms piano quartets. Wed, Thurs, Fri: Bruno Weil conducts Schubert choral and symphonic music from the years 1817-19. On Sat and Sun, Lorin Maazel conducts the Vienna Philharmonic Orchestra's subscription concerts (505 8190)

THEATRE

Hans Neuenfels directs a new production of Edward Albee's Who's Afraid of Virginia Woolf, opening at the Burgtheater on Wed (also Thurs and Sat). The Burgtheater also has The Merchant of Venice tomorrow and Waiting for Godot on Fri. The repertory at the Akademietheater includes Brecht's The Good Person of Sezchuan tonight and Fri, Feydeau's Hotel Paradiso on Thurs and Botho Strauss' Schlusschor on Sat (51444 2218)

ZURICH

Opernhaus 20.30 Song recital by Grace Bumbry, accompanied by Jonathan Morris. Tomorrow: Tosca with Mara Zampieri. Wed, Thurs and Sun: ballets by Pierre Wyss and Bernd Roger Bienert. Fri: Nikolaus Harnoncourt conducts Don Giovanni, with Thomas Hampson in the title role. Sat: Die Zauberflote (262 0909)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN

0730-0800 Moneyline
1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint CNN/FTTV production with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline

Superchannel

0600-0620 Business View
0630-0700 Business Insiders
2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
2130-2200 (Thurs) Talking Heads - international issues2230-2240 Market Wrap - live from Wall St

Sky News

1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY

CNN

0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

SUNDAY

Superchannel

1800-1830 FT Business Weekly

Sky News

1330, 1630, 2030, 0030, 0230 FT Business Weekly

CNN

1800-1830 World Business This Week

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The parting of the ways

IF READERS outside Britain are puzzled by the British debate about the European Community, let them rest assured. The British themselves are bemused. The explanation is simple. Divorce proceedings between Mrs Margaret Thatcher and the Conservative party are now well under way. This has temporarily destabilised the entire family of politicians.

For example, last week the government won a majority of 101 in parliament for its measured statement on the forthcoming Maastricht negotiations. In the normal course of events that ought to have settled the matter. It was clear from what was said in the house that all three national political parties want deals to be done on monetary, economic and political union, although both Labour and the Conservatives expressed reservations about specific items yet to be agreed. That should have concluded the debate, at least for the time being.

What has happened instead is that a great deal of noise and dust has been created by the antics of Mrs Thatcher and her small handful of remaining supporters, including Mr Norman Tebbit. With half a year or thereabouts to go before the next election, the Conservative government has become the target of seemingly incessant and increasingly intemperate attacks by its former leader. Her remarks on television on Friday night were particularly acidic.

Demagogic appeal

It may be protested that in spite of this she is getting somewhere. Her call for a referendum on the single currency has struck a chord with the electorate, to judge by a weekend opinion poll. This quicksilver pay-off to what was essentially a demagogic appeal ought to be seen in context. The question was asked by the poll-takers last Friday and Saturday, when the media headlines were full of talk of a referendum. The answer was therefore predictable.

What also seems predictable is that Mrs Thatcher will remain determined to oppose any conceivable treaty on monetary union. She is sincere in her belief that joining a single currency would be the end of British self-government, but she also appears to be motivated by an inability to see much merit in the regime that succeeded her. That is leading her out onto the same limb on which perch other great British dissenters, such as Mr Enoch Powell.

Mr Powell, then a Conservative, challenged his party at a time when Labour was against the EC. If you followed his argument, an anti-EC Labour government was preferable to a pro-EC Conservative administration. Mrs Thatcher has no such luxury of choice, for Labour is, if anything, more *communautaire* than Mr John Major's Conservatives. That helps to explain her late conversion to the idea of a referendum, the traditional refuge of losers.

All of this serves to explain the response to Mrs Thatcher's latest outburst. Many of her erstwhile colleagues and parliamentary supporters have begun to turn against her. Sir Norman Fowler, always a reliable loyalist while she was in office, has warned that she could lose the Tories the election. Sir Marcus Fox, a stalwart of the backbenchers' 1922 committee, and Mr Michael Jopling, one of her former chief whips, have also been critical.

View confirmed

Many of those who rightly admire Mrs Thatcher for her great achievements while in office are now confirmed in their view that November 22 1990 was not a day too soon for her to go. The parliamentary party as a whole is naturally rallying around the prime minister, Mr Major. It may be assumed therefore that most Tory MPs will endorse whatever he brings back from Maastricht, whether it be a deal, which he wants, or a breakdown, which he does not.

None of that is particularly elevated. It does not address the question of the future evolution of the European Community in terms suited to a vision of a new continental order under construction. Perhaps that is too much to ask of islanders, most of whom have not endured the invasion of their national territory that has been the common experience on the mainland.

Reform needed at Lloyd's

LLOYD'S of London faces a crisis of confidence among its members. A poll published yesterday shows that nearly a quarter of external members – people who put up the capital to underwrite insurance but who do not work in the market – regret having joined in the first place: nearly two-thirds would not recommend a friend to join today. The fact that Lloyd's is "greatly encouraged" by these findings shows the scale of the problem, as well as the importance of reform proposals which a special task force is due to deliver by the end of this year. Half a dozen urgent issues must be tackled.

The first concerns members' unlimited liability to pay for claims if things go wrong. After a period of catastrophic losses and court settlements, this principle has brought financial devastation to many members: the poll shows that more than half think it should be abandoned.

Insiders in the market take a different view: they regard unlimited liability as a unique selling point, and the source of dynamism and innovation. Incorporation would be technically difficult and expensive, and would turn Lloyd's into just another boring – and not especially large – insurance organisation.

The alternative is to develop some way of limiting members' losses when they go above a certain point, something which in practice has already happened in the case of outrageous fraud. But it will be hard to persuade external members that they should bear part of the losses made by syndicates with which they have no connection. Three-fifths of them do not like the idea, according to yesterday's poll.

Attractive feature

Another nettle which must be grasped is the cost of doing business at Lloyd's. Years ago this used to be one of its most attractive features, but its cost advantage has been eroded. The task force will have to decide how much value is added by the infrastructure, such as the system of members' agents, and the extent to which salaries and fees throughout the market are sufficiently linked to performance.

Costs could also be reduced if members' capital were used more efficiently. There are obvious prudential reasons for relating the amount of premiums which can be written to the risk capital available, but the perverse result is that in good times – when rates go up – less business can be taken on board. There may be more sophisticated ways of measuring risk.

The market also needs to find better ways of building up reserves against claims. Lloyd's regards this in good measure as a matter for the Treasury and the Inland Revenue. It is hoping for more generous tax relief on money salted away in reserves, and it has a case to argue. But other changes within its organisation could also help.

Annual accounting

One possibility would be to end the system whereby syndicates dissolve each year in order to establish equity between outgoing and incoming names. Instead, members could sign up for a minimum of, say, five years. Another would be to kill off the anachronism whereby Lloyd's reports its figures three years late. Annual accounting would be more transparent, and would give external members a better idea of where they stood. There is also a case for making a market in syndicate participation. Newcomers would pay a premium to join a quality syndicate with good reserves, and the possibility of capital appreciation might persuade more people to join at a time of poor profitability.

The task force will also need to look at the relationship between the market and its customers – limited at present by a system of Lloyd's approved intermediaries – and at questions of overall governance. Despite recent reforms, there remains a conflict between the role of the council as a regulator, and as a promoter of the marketplace.

There is a clear public interest in the future health of Lloyd's, and it is far from a lost cause. But it faces at least another year of terrible results, and continuing distress among its members. Unless it takes steps to reassure them soon, they will do everything they can to walk away.

John Plender and Michiyo Nakamoto examine the property and currency problems at the private Vestey food-to-shipping empire

A family's misfortunes

Outside estimates of the Vestey family fortune tend to be exaggerated, hints Mr Tim Vestey, the 30-year-old who is now in day-to-day control of the operations of the private Vestey food-to-shipping empire. But even if press figures of up to £1½bn for the family's collective wealth are wide of the mark, there is still something bizarre about the super-rich Vesteys taking a begging bowl to the banks.

Until recently the family's appearances in the press were confined to the polo-playing activities and royal connections of Lord 'Sam' Vestey, one of two directors of Western United Investment Company, the ultimate holding company of the Vestey business empire; the other is the less flamboyant Edmund, father of Tim. But everything has changed since the Vesteys realised earlier this year that Union International, the biggest subsidiary within the Vestey group, was heading for a breach of borrowing covenants.

The problem arose partly from deteriorating trading conditions at Union, which runs the empire's food and property interests, and more specifically from the need to write down the value of unlet property developments by more than £60m. The question now is whether a band of 70-odd banks from all corners of the globe will agree to a set of proposals advanced by the Vesteys for the refinancing of Union's debts. These have been at a seasonal peak of more than £400m, but are expected to end the year only £20m higher than last year's net debt figure of £243m.

At first sight the troubles at Vestey look much less of a headache for the banks than those in the Maxwell empire, where another young and untried family team has just assumed control of a complex multinational business. Leaving aside the potential for the Vestey family to inject further capital, Union International is unquestionably rich in assets. Last year it had £178m of largely unpledged property in the balance sheet at historic cost and a further £78m at recent valuations. Even after the property write-down in the current year Union is expected to have net assets (including some minority interests) of more than £130m.

That points to a tiding-over exercise in which the banks stretch out their loans – at a price – until the development properties are fully let and saleable (see below) and the remaining businesses are nursed back to health from an overall loss in the current year. And that is precisely what the Vesteys are asking for, while offering to sweeten the pill with £35m of fresh capital from Western United and tighter management control. This follows the elevation of Tim Vestey after a strategic review of the business in conjunction with outside consultants.

According to Tim Vestey the cost base has already been cut by £6m to £7m and will be cut further; poor performing and peripheral businesses are being sold; and the sale and leaseback of retail properties in the Vesteys' J H Dewhurst butchers chain, which has about 5 per cent of the UK market, has not been ruled out. Two new top executives are being sought from outside the group to work alongside Tim Vestey and a merchant bank, Schroders, has been appointed to advise on the refinancing.

For the strategy to work, and for it to appeal to the banks, Union's core businesses have to be sound. The family is reluctant to reveal much about individual subsidiaries' profitability. Yet the evidence in the accounts at Companies House raises questions about the adequacy of the remedies so far proposed.

What emerges clearly is that Union International has been on a financial drip-feed since the family injected assets into it in the mid-1980s. In 1986 Union bought another Vestey company, Commercial Properties, in exchange for shares valued at £65½m. A similar exercise took place in 1988 when another family company, New Holding and Finance, valued at £58m, was inserted into Union. As the table shows, Union has derived most of its profits from selling off assets, mainly property, in all but one of the past seven years. Without such asset sales the core businesses would have revealed losses of nearly £20m in 1990, before the present crisis erupted.

An analysis of the balance sheet over the same period raises even bigger questions. At the start of 1985 Union had shareholders' funds, including minority interests, of just under £100m. By the end of 1990, before the property typhoon struck, the comparable figure was £209m. Yet in the interim, in a period when Union's core non-property business was profitable overall, the company had had the benefit of capital injections from family and outside sources of £222m and surpluses on asset sales of £86m. Somewhere along the way nearly £200m disappeared from shareholders' funds in the balance sheet. And while some of it can be straightforwardly explained – for example, by goodwill arising on acquisitions, capital redemptions, taxation and £23m of dividends paid to Western United – more than half represents a genuine loss of value.

The key to the black hole in Union's balance sheet lies in the movements on reserves, which is where much of the fall-out from hyper-inflation in the group's Latin American businesses winds up. So, too, does the fall-out from currency depreciation in Australia and New Zealand. Every year Union records in its balance sheet huge positive inflation adjustments and huge negative exchange rate adjustments. The net impact is always the same: a massive erosion of reserves, amounting to no less than £117m over the past seven years. In other words, a family meat empire once regarded as an invincible money-making machine appears to have turned into a massive drain on the family's capital resources.

Union International

£million	1984	1985	1986	1987	1988	1989	1990
Pre-tax profits	16.640	6.511	11.012	15.946	19.259	23.029	12.565
Surpluses on disposal of fixed assets	3.346	9.524	7.608	7.837	10.369	17.923	32.268
Pre-tax profits (losses) excluding asset sales	*13.294*	*(3.013)*	*3.404*	*8.109*	*8.890*	*5.106*	*(19.703)*
Proceeds from disposal *of fixed assets*	23.032	32.576	35.115	27.873	23.053	31.030	100.336
Additions to fixed assets	44.364	45.641	38.797	31.850	104.221	51.505	75.207
Inflation adjustment to reserves		15.655	8.550	11.567	22.882	26.536	26.235
Exchange rate losses charged against reserves		(46.605)	(22.453)	(32.715)	(23.874)	(43.500)	(59.479)
Net inflation adjustment & exchange rate losses *charged to reserves (Total £117.201m)*		30.950	13.903	21.148	992	16.964	33.244

The exchange rate problem arguably dwarfs the property problem. Unless it has been arrested – and there is nothing to suggest that it has – it also casts doubt on the adequacy of the £35m injection with which the family proposes to sweeten the refinancing deal. That £35m is equivalent to less than two years' worth of the average annual rate of exchange rate loss of the past seven years.

In effect, lenders at holding company level are now being asked to bet substantially on currencies: to take on more of the risk inherent in the relentless currency depreciation in the primary producing countries where the Vesteys operate. Before they agree to refinance the business, they have to believe either that currency depreciation is at an end; or that the businesses in endemically weak currency countries can be disposed without causing terminal damage to the balance sheet; or that the management is not only capable of returning Union to profit, but of generating enough profit after tax (and the increased interest the banks will require) to stop the continuing erosion of the capital base of the business.

There is no question that the problems are finally being addressed. Tim Vestey says that Union has ideas about how to minimise the Latin American problem. He has accepted that the business will have to shrink. And there is already in place what he calls a well-thought-out programme to re-focus on businesses that are seen as long-term winners.

While he declined to identify such winners directly, he expressed confidence in the potential of the retail meat business in the UK, despite its patchy recent record of both profit and loss. As for the UK slaughtering and processing business, British Beef, also with a patchy past record, Vestey argues that it is better placed than its smaller competitors to emerge profitably from an industry-wide consolidation in which British abattoirs are being forced to confront new EC hygiene standards.

At its simplest the banks are being offered the stick and the carrot. The stick is the threat of big write-offs if an administrator is appointed to break up the business. The carrot is the prospect of higher proceeds from disposals if the Vesteys are given time to implement the rationalisation plan in full. Yet the attractions of the carrot are somewhat diminished by the company's awesome capacity to absorb capital. A remedy that would make obvious sense if Union were purely a property developer may be less obviously attractive for such a complex multinational trading empire.

The banks are also being asked to make a huge leap of faith in backing a young and untried executive, with support from two as yet unnamed outside executives, in what appears to be one of the more formidable managerial challenges in British commerce. Nor are Tim Vestey and his minions solely preoccupied with Union. They have to handle the problems of another troubled Vestey company, the shipping and insurance concern Frederick Leyland, which last year incurred net attributable losses of £2.2m. And there remains a question about the role to be played by the family old guard. Tim Vestey is not a trustee of the trust that ultimately controls the business and he describes himself as answerable to his father Edmund and to Lord Vestey, who control Western United. *Plus ça change.*

The larger lenders to Union are reported to be warming to the idea of allowing the Vesteys to buy time. And not without reason. Yet there are huge conflicts of interest between the different banks, most obviously between lenders to the holding company and lenders to the trading subsidiaries that are capable of servicing their debts. If the banks do manage to surmount these obstacles and spurn the administration option it would not be surprising if support proved to be conditional on a more generous *douceur* than the £35m that the family has so far put on offer.

Cracks in the façade

The Vestey empire, whose roots go back to the 19th century, was built on global production, processing, cold storage and distribution of food, writes John Plender. Each stage of that chain brought property into the family balance sheet, starting with pastoral land and ending with shops in the British high street, occupied by J H Dewhurst, the butchers.

In recent decades the family has actively redeveloped its surplus land and property assets around the world. All that changed in the late 1980s was that Union International became the main vehicle for the family's property efforts and stepped up the scale of its ambitions. It also started to buy development property from outside the group.

The property provisions of more than £60m that are expected to cause a breach of Union's net worth covenants at the December year end relate to four office developments containing more than 100,000 square feet of unlet space. One is the former head office of the Vestey's Blue Star shipping line in Leadenhall Street in the City, where redevelopment is due for completion in January. Then there are two completed developments in St John's Lane and west Smithfield, both within a stone's throw from Union's own head office near London's historic meat market. Outside London there is a completed and unlet office development in Cambridge. City of London offices are the worst-hit area in the present commercial property slump. Union's Vestey Estates subsidiary is believed to have gone ahead with the developments at the peak of the market despite dissenting voices within the group.

More recently the family has been buying properties from Union, thereby injecting liquidity into the business. Last year Vestey family trusts bought freehold property from J H Dewhurst for £14m and £10.7m of property assets from Union's Brazilian subsidiary.

The Vesteys' personal interests also include extensive agricultural land in Britain. Stowell Park in Gloucestershire, where Lord Vestey pursues his yen for polo, is surrounded by 5,000 acres.

OBSERVER

Red faces at Ripa

■ Most self-respecting businesses with March year-ends would have filed their accounts with Companies House long since and had their annual general meeting. Not so the civil servants' Royal Institute of Public Administration. It is still having difficulty getting its figures to add up.

As a result, this fine body, which loves nothing better than organising a good debate on how to run the country, has had to postpone its annual general meeting at short notice. It now has until the end of January to sort things out, or risk being in breach of the Companies Act.

With a staff of less than 10, and an annual budget of under £3m, running Ripa should hardly pose a major administrative challenge. But the combination of the Gulf War and the recession seems to have been enough to disrupt its financial affairs. However, on the more important matter of Thursday's post-agm lecture by former permanent secretary Sir Kenneth Stowe, members will be glad to know that it will go ahead as planned.

They say that bad figures take longer to add up. But an affable Michael Clarke, chief executive of the Local Government Management Board and Ripa's chairman, is well schooled in the art of the convincing civil service excuse. There is no question of Ripa being in the red, or heads rolling at its Birdcage Walk headquarters, he reassures.

Pity, because it is the sort of episode which gives civil servants a bad name in the real world.

Crossfire

■ Students of the art of writing the press release the chairman wants to read, might pick up a few tips from the rival publicity for last night's BBC2 Money Programme on Lloyd's of London. It is hard to believe that both sides started with the same raw material – the first-ever independent survey of Lloyd's 26,000 members.

The BBC hand-out led with the news that two-thirds of Lloyd's names say they will consider leaving the organisation if it has not returned to profitability by 1994. Ten per cent said they were likely to resign over the next two years.

Lloyd's, by contrast, highlighted the fact that more than three quarters of its external members said they did not regret having become a member of the world's leading insurance market. It says that it is "greatly encouraged" by the membership survey. Of course it is.

Going Dutch

■ *Sweet city with her dreaming spires* – Matthew Arnold's famous evocation of Oxford is not quite matched by the anonymous Dutch poet's newly penned ode on the charms of Maastricht as the venue of the European Community summit. The poem goes (in part):

Mushrooms, new cuisine,
Ham and eggs,
Bread and treacle.

But the Dutch have always been more concerned with the inner man than the ethereal spirit anyway. And besides, Maastricht's professional publicists have done their best to give it a touch of verve by depicting it in their promotional bumph as "the Siena of the north" and "the Paris of the Benelux".

In the last analysis, however, Maastricht's hopes of luring the maximum number of visitors for the summit are vested in appeals to gut feeling. For instance, the city fathers have inspired local cafés each to "adopt" an EC country for the event, the Britannique serving proper breakfasts as well as pints of locally brewed ale.

"Another fine speech, prime minister"

For the EC leaders themselves, the gastronomic peak is lunch with Queen Beatrix at a neighbouring 300-year-old chateau, which might usefully be pressed into service for some of the discussions.

Its grounds contain a Nato communications centre housed in an H-bomb-proof cave – just the place for a full and frank exchange of views on the community's defence arrangements.

Rover's string

■ Warwick University is right to be proud of the strong ties it has forged with local business, particularly the car industry. However, the news that it is starting to dish out honorary professorships to its corporate sponsors seems a bit incestuous.

Rover chairman George Simpson has collected the first honorary industrial professorship; two of his Rover underlings, John Towers and Rob Meakin, have been made industrial fellows; and there will be plenty more honours to follow. Professor Kumar Bhattacharyya, an ex-Rover man and now the well-respected boss of the university's Warwick Manufacturing Group, says that it is important that industrialists are given the status they deserve "as managers of change".

Quite so. But Warwick's academic enemies might see it somewhat differently. A cheap way of ensuring that Rover continues to provide Warwick's dons with plenty of dosh to experiment with, perhaps?

Nalgo's première

■ Who said that Britain's trade union barons don't know how to celebrate? Mike Blick, the newly promoted president of the local government union Nalgo, wanted to commemorate his achievements in a "creative and unusual way". So he persuaded his union to commission a 13 minute organ solo.

David Bedford's "Say not the struggle naught availeth" had its first public airing at London's St Pancras Church last Friday. Nalgo has a history of supporting the arts, but most of Blick's predecessors have preferred paintings or sculptures. Blick, a music lover, wanted to be different. However, he insisted his work of art work has a happy ending. The last stanza shows that "at the end of what might have been a difficult period, there is still optimism for the future."

Timeserver

■ A partner in a firm of chartered accountants called in a plumber over the weekend to deal with a water leak. The plumber took just ten minutes to do the job and charged £100. "Good heavens" exclaimed the partner, "that's even more than I can charge my clients for the same amount of time".

"Yes", replied the plumber, "that's what I found when I was a chartered accountant".

Kenya's crisis of credibility

Julian Ozanne and **Michael Holman** report on how the opposition is forcing the pace of change

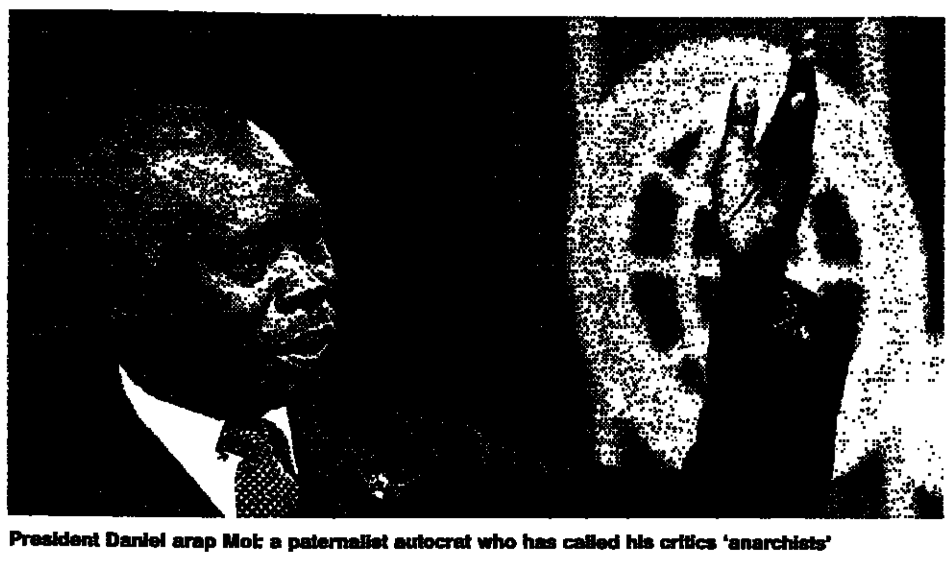
The pressures are unmistakeable, and coming from all sides. In the past week it has become ever clearer that the one-party state of Kenyan President Daniel arap Moi is gripped by an irreversible process of change. Whether it is violent or peaceful greatly depends on the president himself, a paternalist autocrat who will be reluctant to preside over his own political demise at the ballot box. The combination of internal opposition and external pressure coupled with the winds of change sweeping Africa make it apparent, however, that the country is heading for a multi-party democracy.

Events have stunned and weakened the government. There was a brewing row with Washington and Bonn over alleged diplomatic support for the pro-democracy opposition movement, a loose coalition rather than a formal party, which would not be allowed under Kenyan law. Mr Moi's two closest political confidants were named as prime suspects in the murder of Dr Robert Ouko, the former foreign minister. Widespread allegations were made about high-level corruption. The government arrested leading opposition figures and police used bullets, batons and teargas to disperse demonstrators.

Severe criticism by international donors of the government's poor performance on economic reform has further undermined Mr Moi's administration. These concerns are likely to have a serious impact on aid levels, on which Kenya has become dependent. Government officials meet donors in Paris today to talk about the future of aid. In the past two years foreign countries and lending institutions have given Kenya $1.6bn to plug its endemic external payments deficit, which last year was $476m, and to meet the growing demands of its 27m people.

The government's response to the gathering crisis of credibility has been disturbingly intolerant. Western diplomats have been accused of having "masterminded and abetted" the opposition, and Mr Moi has lambasted Kenyan critics as "anarchists".

Yet behind this rhetoric lies the beginning of a vision of peaceful political change that could provide for a stable transition from authoritarianism to pluralism and accountability. In the past, Mr Moi has categorically ruled out political pluralism, saying that it would lead to tribal conflict and threaten Kenya's almost unique African record of 28 years of peace and stability. But recently he has spoken of a multi-party system within "two to three years".



President Daniel arap Moi: a paternalist autocrat who has called his critics 'anarchists'

Sweeping cabinet and civil service changes in the past month have strengthened the hands of the liberal reformers in the regime – Mr Amos Wako, the attorney-general, Mr Bethuel Kiplagat, permanent secretary, ministry of foreign affairs, and Mr Ndolo Ayah, the foreign minister whose outspoken attack on the US ambassador is assumed to have been at Mr Moi's direction. A programme of gradual change is taking shape. An initial step would be the holding ofparliamentary elections early next year which, although under the one-party system, would be free of the rigging that characterised the last poll in 1988. Government official believe this would produce an assembly with the popular support needed to allow it to act as a *de facto* constituent assembly to revise the constitution and restore democracy.

Legislation is already in parliament to review electoral boundaries and the voters register and to take measures to guard against what even senior officials describe as "blatant ballot rigging" in 1988.

Coupled with this political agenda the reformers are urging the president to take measures to combat rising corruption which threatens the economy. It has already damaged the government's credibility with international donors and led to some suspension of foreign aid. The dismissal from the cabinet last week of Mr Nicholas Biwott is a clear sign of the increasingly power of the reformers. Mr Biwott is at the centre of the Kenyan corruption scandal – involving allegations of bank accounts held abroad by ministers and kickbacks sought from foreign contractors. He has been Mr Moi's most loyal friend, ally and business partner.

Others with tarnished reputations have also lost their positions, including Mr Joseph arap Letting, former cabinet secretary, Mr Hezekiah Oyugi, former permanent secretary in the Office of the President and Mr Charles Mbinyo, permanent secretary in the Ministry of Finance. They have been replaced with officials widely viewed as men of integrity.

While these changes have already been welcomed by both Kenyans and foreign diplomats three big questions overshadow the reform initiative. Is President Moi personally committed to change and is he prepared to oversee the end of his one-party regime? Will the increasingly powerful opposition – an alliance of lawyers, businessmen, clerics and heavyweight former politicians – allow Mr Moi to set the agenda for change? Are the measures already under way enough to persuade donors that the government is serious about eliminating corruption and determined to tackle the distortions in the economy?

Many observers question whether the president is the right man to lead Kenya back to democracy. Mr Moi has presided over the erosion of the judicial system's independence, the growth of patronage and tribalism in appointments in the public sector. There has also been a further concentration of wealth in the hands of a small group of businessmen. Many of these are Asian and act as frontmen for a handful of powerful politicians and civil servants who use the president's name and his office to secure lucrative deals.

In contrast to Mr Kenneth Kaunda, the former president of Zambia who conceded democracy, many Kenyans see a stubborn streak in Mr Moi which may be incompatible with democratic change. The Forum for the Restoration of Democracy (Ford), the main opposition group, has been careful to build a movement drawn from all the important tribes in Kenya. However, its appeal to ordinary Kenyans has yet to be tested. It remains an essentially middle-class, pro-capitalist group, divided on the pace and scale of reform.

Mr Paul Muite, chairman of the Law Society of Kenya, represents the hardline views of many in the opposition by demanding Mr Moi's resignation and the convening of a national conference.

"Moi is 90 per cent of our problem," he says. "He must be forced out of office before we will have a genuine democracy with accountability, rule of law and economic progress."

Many of the less radical members of the opposition, such as veteran politicians Mr Martin Shikuku and Mr Masinde Muliro, who would have embraced Mr Moi's gradual reform plan a few months ago, are adopting a harder line in the face of harassment, arrest and the president's refusal to open a dialogue.

In economic matters, donors say they are looking for a much more concrete sign of the government's commitment to reform than in the past three years. The slowing of per capita economic growth last year to 1.1 per cent and the failure of the government to honour its promise to slash spending and reduce the budget deficit, now estimated at between 5.4 and 6.0 per cent of gross domestic product, has fuelled donor criticism.

The resort to domestic borrowing to finance the deficit has, with depreciation of the shilling, pushed inflation to about 20 per cent a year. Corruption and nepotism are viewed by donors as big impediments to economic growth and foreign investment.

Together with the growing clamour for aid to be linked to democratisation and "good governance" these issues are likely to surface at the Paris meeting. If Kenya cannot persuade its donors that it is taking serious political and economic measures, a cut in aid levels is inevitable – with disastrous effects on the government's ability to promote stronger economic growth.

Senior officials close to Mr Moi argue, with some justice, that donor morality is selective, singling out Kenya for an intense scrutiny which most African countries escape.

Few countries on the continent have matched Kenya's record of stability and economic growth. The government has not defaulted on the country's $5.4bn external debt.

It is for these very reasons that donors may be applying a special yardstick to Kenya. It is not just that they want to see their money well spent. As many Kenyans themselves argue, their country's performance should be measured against its potential and not against the dismal record of most of Africa.

Samuel Brittan

The postponement of recovery in the UK

If ever a cast-iron case could be made for fixed-term parliaments, it is provided by the present behaviour of the British economy.

The chancellor is doomed if he cuts interest rates to stimulate the economy and doomed if he raises them to protect sterling. If he cuts them he might be seen to put the ERM parity at risk. If he raises them he increases market fears of a Labour election win. Doing nothing and relying on intervention is no more than the least bad choice available.

To say that John Major should have gone to the country in November is no real answer either. It is bad enough that governments are tempted to manipulate the economy for political purposes without being able to manipulate the election date as well. Nothing less than a fixed-term parliament, with escape clauses if the government loses its majority, will do.

Meanwhile, UK output has probably stopped falling, but hopes of an upturn have been postponed. "Probably", because the preliminary figures for non-oil real gross domestic product show a fall of a quarter of a per cent in the third quarter.

One reason for hoping that output has stopped falling is that the latest GDP figure is quite likely to be revised upwards. The CBI survey now shows an expectation of virtually no change in order books for seven months running. Even though surveys of expectation are now coming under similar suspicion to the economic forecasts, it is unlikely that they would be wrong for so many months in a row without a downward revision taking place.

The most depressed sector of the economy remains property and construction. But hopes of an offsetting improvement in retail sales have once more been dashed. Sales volume in the three months to October was slightly down over the previous three months.

Even the behaviour of stocks, which many forecasters thought would support the economy, is none too reassuring. The fact that they have stopped falling supports demand in an arithmetical sense. But closer examination shows that this result is due to a fall in work in progress offset by a rise in retail stocks, which may be in large part involuntary.

The most encouraging features are exports and inflation. Examination of non-food producer prices shows a much lower level of inflation than generally realised, but the slowdown is taking its time to feed into the underlying Retail Prices Index. For encouraging export evidence one must move beyond the fluctuating three-month averages and look at trade over a longer period, as in the table. The CBI survey also shows that order books are less depressed and have recovered more in the export than in the home sector. It is also encouraging for output beyond the third quarter that the renewed rise in imports has come from higher raw materials and fewer imports, which have offset a fall in finished goods.

The recalcitrance of the consumer should not be surprising, given the debt ratios shown in the chart, which are more than twice as high as at the end of the last recession. Some pause for reflection should not evoke panic government reaction. A more unexpected feature has been the tailing off in the rise in unemployment, more quickly than expected. Investment too may have stopped falling.

UK Trade: Teenagers' guide
Volume % change (exc. oil and erratics)

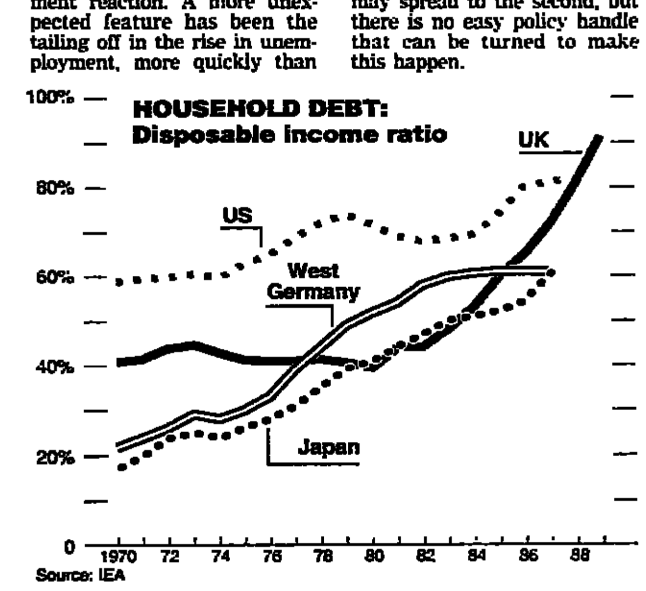
	Imports	Exports
1986	+7.1	+2.5
1987	+8.9	+7.5
1988	+14.6	+4.8
1989	+7.3	+9.3
1990	+0.2	+7.4
1991		
June-May*	-5.0	+0.9
June-Oct*	+2.6	+5.4

*Over previous five months annualised. Source: CSO

How can this labour market behaviour be reconciled with the evidence of renewed manufacturing productivity growth, which is an aspect of lower inflation, at the wholesale level?

There is some suggestion that the UK economy is dividing into two sectors, as Japan did during its growth heyday. There is the sector subject to overseas competition, which is subject to the discipline of ERM and the stimulus of a flexible price mentality.

Then there is the domestic, predominantly service sector where productivity has been sluggish despite high investment and an inflationary mentality prevails. Eventually the dynamism of the first sector may spread to the second; but there is no easy policy handle that can be turned to make this happen.



LETTERS

BT and credit card links

From Mr Tony J Vardy.

Sir, Unfortunately, the introduction to your report on BT's Chargecard development programme (November 20) gives a somewhat misleading impression of our plans. We are not moving into the commercial credit card business, and our plans have very little in common with AT&T's own combined telephone and credit card. We have no intention of starting ventures where we would compete with the banks and commercial credit card issuers. We are not in the same business as them. Accordingly we will not be turning our existing telephone Chargecard into a commercial credit card.

We do plan to accept commercial credit cards in payment of telephone calls, on a greater scale than at present. This is simply because BT believes that it is in everyone's interests for our customers to be able to pay for our services with the financial instrument of their choice.

In conjunction with the commercial credit card companies we are also looking at the possibility of adding the functionality of our BT Chargecard to their commercial credit cards, possibly with co-branding.

The report does correctly note that such a project would involve working with the financial community. We also see it as being fully compatible with our existing BT Chargecard.

Tony J Vardy,
director,
service development,
BT,
New Garden House,
78 Hatton Garden, London EC1

Currency

From Mr John Stoker.

Sir, Please allow me to endorse the puzzlement expressed by Mr Thomas Martini (Letters, November 20) with comment on that other emotive subject – currency denomination. I would like to see our politicians concentrate on serious constitutional issues. Otherwise, I fear that, with the captain on the bridge saluting in the approved fashion, we may slide into a sea composed of our sole indigenous creation – the "pee".

John Stoker,
17 Queens Road,
Richmond, Surrey

Where grounds for optimism exist in the US-EC divide on agriculture

From Sir Michael Franklin.

Sir, The International Policy Council on Agriculture and Trade would certainly endorse your conclusion ("Impasse on farm trade", November 22) that, given what is at stake and the efforts which have been made to find a compromise on agriculture in the Gatt, "failure to take the last step would be unpardonable". The council has sought throughout the long and tortuous negotiations to find ways which could bring the participants closer together and achieve a major degree of liberalisation in agricultural trade. It believes that "the basic elements for a credible agricultural result are now on the table" and that the essential political decisions must not be delayed.

If the issues which divide the US and the EC are indeed the ones you identify, then there must be good grounds for optimism. The dispute over the base period from which to measure the commitment to cut support is only another way of playing with the figures and jockeying to take most credit from the past. Better to start from where everyone is today.

The US wants the EC to limit its export subsidies to a certain volume of exports rather than by means of a budgetary limit. For a country so opposed to market sharing this is surprising. There are other ways of ensuring that the EC does not step up the rate of subsidisation in world market prices rise. Anyway, it seems more important to have strict rules, eg: against targeting particular markets.

The longstanding demand from the EC to "re-balance" its protection against imports of cereal substitutes loses much of its impact if lower cereal prices makes them uncompetitive. But if in exchange the US can persuade the EC to go down the path of "tariffication" it would make a significant breach in the CAP protective system and be a worthwhile deal.

The EC is able to offer to lower its protection because it is proposing to go over to a system of direct payments to farmers not all that different from the US deficiency payments system. It is hard to see the US agreeing to treat its own system as trade distorting and let the EC's new system be excluded from the reckoning. There is room for both systems to be more completely "de-coupled" from production and perhaps this is something which could be achieved over the next few years.

Last, there is the question of what happens at the end of the next five years. That the process of liberalisation in agriculture ought to continue is clear. But better to have experience of working out the first phase – which will certainly be fraught with difficulty – before deciding what and how much to do next time.

Michael Franklin,
15 Galley Lane,
Barnet,
Herts EN5 4AR

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Recession: the beginning of the end and the end

From Mr Douglas McWilliams.

Sir, Economists seem to have settled the definition of the onset of a recession – two consecutive quarters of negative growth. But there is no consistency of view on what defines the end of the recession or a recovery.

Because economic variables fluctuate erratically and the statistical measures of them fluctuate even more wildly, it makes sense to check that an economic trend is detected for more than one reading before concluding that it is definitely under way. Hence the requirement for two quarters of decline before a recession is confirmed.

Using the same reasoning, may I propose that the start of a recovery is defined for technical purposes as the emergence of two consecutive quarters of rising output when coming out of a recession. Such a definition would be consistent with that of the onset of recession and would tie in with the common-sense view that recovery starts when the graphs point up. Yet the definition would require growth to take place for a sufficiently sustained period for the announcement of a recovery not to depend on only one possibly erratic reading.

For most people, a recession means that life is tough, with squeezed profits, rising unemployment and the risk of bankruptcy. On that basis, the onset of recovery does not mean the recession has ended. If you are a diver, your head may still be below water even when you are rising towards the surface.

Some economists say that the recession does not end until the rate of economic growth has recovered to a rate in excess of its long-term trend. Such a rate would normally be associated with rising capacity utilisation and falling unemployment.

That is a perfectly reasonable way of looking at an economy, but it suffers from the difficulty of defining the long-term trend growth and from the fact that even when the economy has started to bounce back, unemployment levels, capacity utilisation and trading conditions generally may be too uncomfortable for most people to accept that the recession has ended.

I prefer to define the recession as over when the economy has recovered to its previous level of output – analogous to the diver's head breaking the surface of the water.

Applying these definitions to the current UK economic cycle, there is a 60/40 chance that output, measured by GDP, will rise in the fourth quarter of this year which, in conjunction with the rise already registered for the third, gives the necessary two quarters to confirm that a recovery has started. But the recession will not end before the second half of 1992, even using the chancellor's own forecasts as published in the Autumn Statement. And many independent forecasters are less optimistic than he is.

Douglas McWilliams,
chief economic adviser,
Confederation of British Industry,
Centre Point,
103 New Oxford Street,
London WC1

FINANCIAL TIMES
Monday November 25 1991

UK Treasury plays down fears of possible sterling crisis

THE UK Treasury yesterday rejected weekend reports suggesting that the government is facing a possible sterling crisis which might require a rise in interest rates, writes Edward Balls.

Sterling fell to an 18-month low against the D-Mark on Friday, closing in London at DM2.85 before edging lower in late New York trading to DM2.8425. It was the pound's biggest one-day fall since October 1990.

The British government believes market and media analysts have misinterpreted a rise in the value of the D-Mark against the dollar and other member currencies of the European exchange rate mechanism during a turbulent week on the world's foreign exchange and equity markets.

"If anything, the appreciation of the D-Mark within the ERM puts more pressure on narrow band currencies such as the French franc and the Danish krona," a Treasury official said. These currencies are near the bottom of their bands against the D-Mark.

Sterling is still a long way off its ERM floor against the D-Mark, the Treasury said. The immediate constraint is sterling's effective floor against the Spanish peseta. The Treasury said the peseta had fallen in line with sterling during Friday's trading, so this floor is no nearer than before.

City analysts were not convinced by the Treasury line. Mr Giles Keating, an economist at Credit Suisse First Boston, said: "It is clear that the foreign exchange markets are perturbed by the signs of economic and political instability and rifts within the Conservative party."

The government confirmed that it was ready to do anything necessary to keep sterling within its ERM bands. The Treasury denied it had ordered the Bank of England to sell pesetas to lower sterling's effective floor.

Whitehall officials also pointed out that expectations of intervention to shore up the pound were likely to limit downward pressure on sterling.

Mr John Smith, the shadow chancellor, refused to be drawn on what Labour would do on interest rates to defend sterling if it came to power. In a television interview he described the question as "hypothetical". He indicated that Bank of England intervention should keep the currency within its ERM bands.

A renewed surge in the D-Mark against the dollar could create further trouble for the ERM currencies, including sterling. Provisional German cost-of-living data for November are due out this week.

Samuel Brittan, Page 15

Belgian coalition parties head for election setback

By Andrew Hill in Brussels

BELGIUM'S coalition government parties suffered a setback in elections yesterday, while environmentalists and an extremist anti-immigration party made significant gains, according to early projections reported on state television.

The early results increased speculation that the country's 16th post-war general election might end the supremacy of the Flemish Christian Democrats (CVP) and even the reign of Mr Wilfried Martens, the EC's longest-serving prime minister.

The CVP's Mr Martens, who has been prime minister since 1979 with just one eight-month break, is still the most likely candidate to lead the next government. But the Christian Democrats are under pressure in Flanders and could be overhauled by the French-speaking Socialists as the largest parliamentary party.

Both groups were partners in the five-party centre-left coalition brought down last month by bickering between Flemish and francophone partners over devolution of power to the regions.

First results yesterday evening indicated setbacks for both the CVP and French Socialists, and increased support for the green parties, particularly in francophone Wallonia, where they were recording rises of between 5 and 10 per cent.

Belgium's system of proportional representation could reward Ecolo and Agalev, the francophone and Flemish ecology parties, with the highest proportion of "green" seats in any national parliament.

The same results also suggested that one of the two main right-wing opposition groups, the Liberal party, had lost ground in Wallonia, where it has taken a strong anti-immigrant line. The full results will not be known until later today and it is likely to take some months to form a new government.

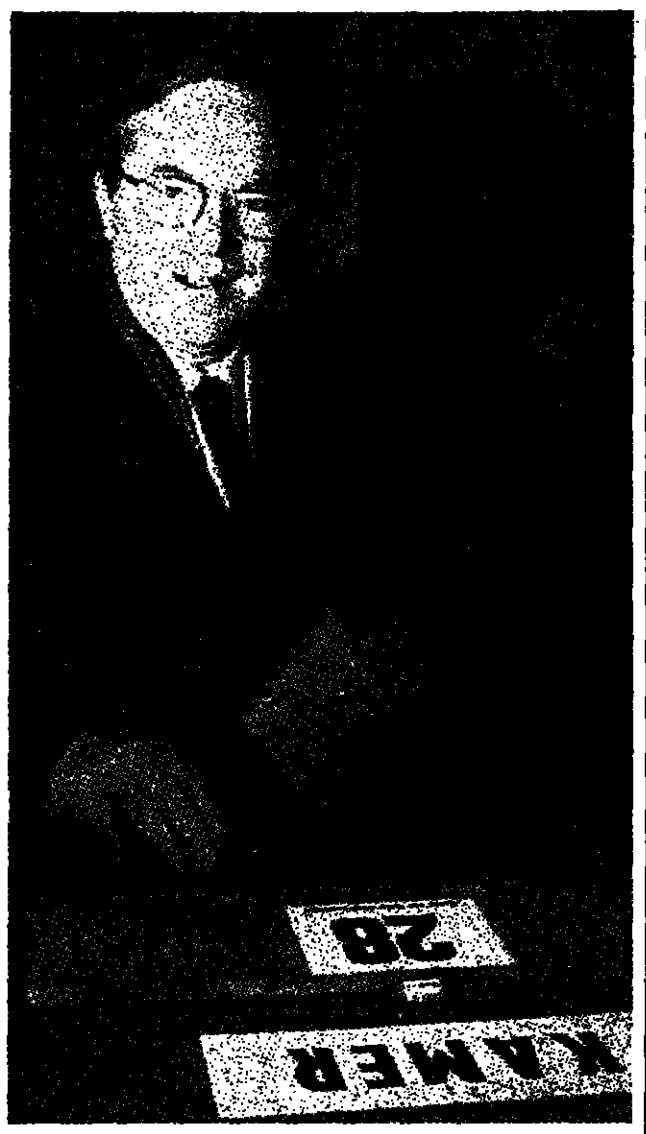
To be effective, any new government needs a two-thirds majority in the 212-seat parliament to carry out promised constitutional reform to give greater autonomy to Flanders and Wallonia.

It took more than 100 days to form a government after the last election in 1987.

Belgium's smaller parties – including Flemish nationalist groups in Flanders – have benefited from electors' continuing disgruntlement with all partners in the last government.

If the king asks a francophone to become prime minister, Fleming-Walloon rivalry could be re-ignited.

Italian local elections, Page 2



Belgian prime minister Wilfried Martens voting yesterday. His party has lost support in the election

UN tries to negotiate lasting Yugoslav ceasefire

By Laura Silber in Belgrade and Judy Dempsey in London

THE United Nations yesterday embarked on its first official role in the Yugoslav crisis by trying to implement a lasting ceasefire as a precondition for sending international peace-keeping troops into Croatia.

The latest attempt at implementing the fourteenth ceasefire is the first to be brokered by the UN – while the previous thirteen were negotiated by the European Community. However, the efforts coincided with a sustained assault by the Serb-dominated federal army on the eastern Croatian city of Osijek.

Mr Cyrus Vance, the UN's special envoy who held talks in Geneva at the weekend with President Franjo Tudjman of Croatia, President Slobodan Milosevic of Serbia, and General Veljko Kadijevic, the federal defence minister, yesterday expressed cautious optimism.

"All of the Yugoslav parties that were present said they wanted to see the deployment of such an operation [peace-keeping forces] as soon as possible," he said.

Speaking in Rome, where he had briefed Mr Javier Pérez de Cuéllar, the UN secretary general, about the ceasefire agreement, Mr Vance added that Croatia has promised to lift its blockade of federal army barracks throughout the republic.

"This is a very important fact... as those barracks are unblocked, and the federal army troops are withdrawn, it takes away one of the principal causes... for the kind of shelling that you saw at Vukovar," he said.

The Croatian town of Vukovar, now completely destroyed, surrendered to the federal army and Serb reservists last Monday after an 86-day siege.

Yesterday, about 200 federal army soldiers began withdrawing their equipment from the Pleso barracks near Zagreb, the capital of Croatia.

However, Croatian officials are concerned that once they lift the blockades, the federal army will leave the republic, regroup, and send reinforcements to Osijek and other parts of the republic.

Yesterday, Belgrade radio, the mouthpiece of the Serbian leadership, reported heavy fighting at Ernestinovo, a village south of Osijek. Croat officials yesterday said they believed the federal army was trying to encircle Osijek, with the eventual aim of capturing the city, whose 150,000 population is largely Croat.

Serbia's plans to annex the city were confirmed at the weekend by a Serbian government official who said: "Osijek must belong to a new Serbia if Croatia is to retain control over predominantly Serbian villages in central Croatia."

Serbia has already resettled about 2,000 displaced Serbs in territory abandoned by Croats fleeing the war.

Serbia started what appears to be the first wave of reprisals in Vukovar, which it now controls, by sacking Mrs Vesna Bosanac, director of the hospital, who had stayed on during the siege to look after hundreds of wounded.

The risk to sterling's hidden strength

By Anthony Harris

THE CURRENT pressure on sterling could be blamed simply on its fulcrum position between the dollar and the D-Mark, which tends to leave it stranded in the middle. If political and market sentiment were favourable, this would appear as a problem rather than a crisis: deploy the massed reserves of Europe to keep the ERM in order, mobilise G7 to address the dollar problem and, with a little luck, it would all go away.

In the real world, however, it is going to take rather a lot of luck. With each set of trade figures, sterling looks more overvalued. If convergence is to have a hope, the country ought to be in surplus when the British economy is depressed and Germany is in a boom, albeit in its dying stages, and market operators know it. At City lunch tables, everyone gossips about realignment, though there is still no believable scenario for it.

Political sentiment is rather more helpful. Both President Bush and Chancellor Kohl would like to help Mr Major if they could; and the Germans would, in any case, like to revalue the D-Mark to restrain inflation. However, the French objections to action inside the ERM seem immovable; and the President has over-riding domestic worries. The fact that he included Professor Martin Feldstein in the small group of private-sector economists he called in for consultation last week is sinister.

Feldstein is an ardent devaluationist, and will certainly have reminded the President that benign neglect worked almost miraculously well in 1986-87. US exports rose at an annual rate of nearly 20 per cent, but the inflationary effect of a huge fall in the dollar was less than even the wildest optimists had hoped. There is no more welcome advice for an embattled president than that all he need do is nothing. It seems highly unlikely, then, that G7 will ride to the rescue.

British ministers are therefore left squirming in the hair shirts they have chosen as their election costumes. The chancellor is more to be pitied than his chief. Mr Major is a genuine puritan when it comes to inflation and explains that there can be no gain without pain with something like relish.

Mr Lamont is more pragmatic, but a fat lot of good it is likely to do him. His central monetary objective ever since he took office has been to avoid the risk of having to raise interest rates once he has cut them. Now it seems that he has been defeated. He can only curse the French for taking the first step and hope that the political cost does not turn out to be as high as he has always feared. And, of course, that it works.

This dilemma is only the overture. The experience of every high inflation country which has tried to converge with Germany through the discipline of the ERM confirms that it hurts. France has suffered eight years of austerity and slowish growth, Italy still faces a huge fiscal crisis, and Ireland a seemingly endless recession. There is no reason to think that convergence will be any easier for the UK.

We have been losing competitiveness against the Germans at a rate of about 5 per cent a year for a generation through our addiction to buying labour peace. The withdrawal pains would be severe even if we had started from a super-competitive position. As it is, we chose a rate which German officialdom regarded as insane, and which Professor Williamson in Washington regards as some 20 per cent too high.

British ministers are left squirming in the hair shirts they have chosen as their election costumes

That means that convergence will involve not just doing as well as the Germans, but consistently better – say by 1 per cent a year for 20 years if Williamson is right, or for a decade if he is only half right.

The rewards of success would be huge, of course, turning the UK into a kind of offshore Switzerland. Can it be done, though? Or are we simply repeating the mistakes we made 70 years ago when we went back on to gold at an excessive price? We missed the whole 1920s boom (and incidentally dished the Labour Party for a generation) before a Conservative government discovered that no decision is really irrevocable.

There are just two reasons for hoping that we can do better this time (and that Mr John Smith may seem a hero where poor Mr Snowden simply looked a fool). The first is familiar: we have still only half caught up with our strongest competitors in productivity. You can go much faster, as good King Wenceslas' page discovered (and as we have already shown) when you are walking where the snow lies dinted. The Thatcher productivity "miracle" was really just a matter of catching up, and there is plenty of ground still to cover.

The second is much better known: British demography gives us an important cost advantage. Looking over the next two decades, the British dependency burden (the proportion of children and pensioners to the working population) will rise by only 1 percentage point. In Japan, it will rise by 34 per cent, in Germany by 18 per cent, and even in France, where population ageing has been countered with heroic fiscal incentives to have more children, by 5 per cent.

The cumulative effect is quite startling. The OECD has calculated that over the next 40 years government spending, apart from debt interest, will rise to more than half of gross domestic product in the main continental European countries, purely for demographic reasons. In the UK, on the other hand, it will rise only from its current 33.2 per cent to 35.9.

Translate that into disposable personal income, and you will see that where the average German worker now gets 59.1 per cent of his income to spend as he chooses, by 2030 he will have only 44.8 per cent – a fall of about a quarter. His British counterpart will suffer an erosion of only about 3 per cent – barely noticeable over 40 years.

That alone will give Britain an underlying cost advantage of about half a per cent annually over the Germans, but with one proviso: that health, pensions and education are still financed nationally, and not on a Community basis. That is the threat to sterling's hidden strength and, if ministers are getting the right advice, the hidden item on the Maastricht agenda.

Vestey forecasts sharp drop in debt

By John Plender and Michiyo Nakamoto in London

BORROWINGS of Union International, the troubled food and property arm of the private Vestey business empire, are set to fall sharply from the level of more than £400m widely reported after the company asked for talks with its bankers earlier this autumn.

Mr Tim Vestey, who assumed day-to-day management control of Union in June, told the Financial Times that outstanding debts would be some £20m higher than last year when the balance sheet was struck on December 31. Since Union's total debt at end-December 1990 stood at £269m, this implies that the debt level will fall to less than £300m. One of Union's best-known subsidiaries is J H Dewhurst, the high street chain of butchers.

Union International's borrowing levels fluctuated sharply according to the seasonal nature of the business, Mr Vestey added, and it was not unusual for debt to exceed £400m at certain times of the year.

He nonetheless confirmed that Union would still be in breach of its balance-sheet covenants with the banks because of property provisions that will exceed £60m. These relate chiefly to three unlet office developments in the City of London and on the City fringes, and another office development in Cambridge.

He said that Union would also breach bank covenants relating to interest cover, since its trading operations are expected to turn in a loss for the year.

The Vesteys have asked some 70 bank creditors for a breathing space in which to address the group's problems and implement a rationalisation programme. Western United Investment Company, the ultimate parent of Union International, has offered to inject £35m of fresh capital into Union as a quid pro quo for the standstill.

Union International has been heavily dependent on the sale of property assets in recent years to offset poor performance in the food business and adverse exchange rate movements.

The Vestey family recently appointed Schroders, the merchant bank, to advise on the negotiations with the banks.

A family's misfortunes, Page 14

New EC members plan

Continued from Page 1

Area might simply whet central European states' appetite for full EC membership.

The timing of a formal mandate from EC leaders to the Commission to embark on the enlargement issue depends on what happens at Maastricht on December 9 and 10.

If the Twelve fail to agree on political and monetary union, the Dutch presidency of the EC appears to be planning a second try, again at Maastricht, on December 21-22.

EC minimum wage

Continued from Page 1

issue but the way we are presenting it, through a non-binding opinion, is hardly a declaration of war." Nonetheless, suspicious British MPs are likely to see the opinion as the thin end of a legislative wedge.

Mrs Papandreou, who stands down as social commissioner next year, has clashed several times in recent months with Mr Michael Howard, UK employment secretary.

Although the opinion does not clearly define an equitable wage, it calls it "a wage sufficient to enable workers to have a decent standard of living".

The opinion contains several statements Britain will find offensive. For example it says: "The Community should seek ways of achieving a more equitable distribution of income. There is no inevitable economic cost to this."

But many of the original ideas, such as the proposal for a "reference fair wage" which would serve as a basis for collective bargaining, have been diluted or removed.

UK government fully committed to export credit agency's future

By David Dodwell, World Trade Editor

THE UK government is fully committed to maintaining the Export Credits Guarantee Department, Mr Tim Sainsbury, trade minister, said this weekend.

Exporters had feared that the government intended to abolish the state-owned export credit agency.

Their concern has grown in recent weeks after the sudden resignation of Mr Malcolm Stephens, the department's widely-respected chief executive for the past five years.

The imminent sale of the ECGD's short-term credit arm to NCM, the private-sector Dutch export credit agency, has also fuelled speculation that the government's long-term aim may be to privatise the department's medium and long-term credit activities.

"The zero option [of abolishing the ECGD] has been rejected," Mr Sainsbury said. "We are committed to continuing to support contract exports."

Mr Stephens said last week that anyone who thought the private sector would take over the government role in insuring exports against medium and long-term political risk was "eight feet off the ground".

But Mr Sainsbury's assurances give scant comfort to exporters pressing the government to reduce the cost of export credit insurance premiums. He said only that Britain would continue to press in the Organisation for Economic Co-operation and Development and the European Commission for other export credit agencies to bring their rates more closely into line with those applied by the ECGD.

In the majority of highly competitive markets in the developing world, the ECGD's premium rates are significantly higher than rates being offered to foreign competitors by many national export credit agencies in Europe, the US and Japan. This follows the introduction early this year of a system for calculating rates that tries to reflect commercial risk more accurately.

Exporters say they have had been forced to respond where possible by channelling contracts through foreign subsidiaries, or by seeking foreign partnerships.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	11	52
Algiers	F	16	61
Amsterdam	S	6	43
Athens	F	20	68
Bahrain	S	24	75
Bangkok	F	34	93
Barcelona	S	11	52
Beirut	S	24	75
Belfast	R	11	52
Belgrade	F	10	50
Berlin	C	6	43
Biarritz	S	8	46
Bombay	S	32	90
Bordeaux	C	4	39
Boulogne	C	7	45
Brussels	S	6	43
Budapest	C	8	46
Buenos Aires	R	28	82
Cairo	S	26	79
Cape Town	S	21	70
Caracas	C	26	79
Casablanca	S	21	70
Chicago	Sn	-4	25
Cologne	S	7	45
Copenhagen	C	7	45
Corfu	F	18	64
Dallas	S	1	34
Dublin	Dr	11	52
Dubrovnik		-	-
Edinburgh	F	11	52
Faro	C	13	55
Florence	R	8	46
Frankfurt	S	5	41
Geneva	C	4	39
Gibraltar	S	17	63
Glasgow	R	9	48
Helsinki	Fg	3	37
Hong Kong	F	22	72
Innsbruck	C	4	39
Inverness	C	12	54
Islamabad	F	22	72
Istanbul	S	17	63
Jakarta	R	31	88
Jersey	S	7	45
Johannesburg	S	23	73
Lima	C	22	72
Lisbon	F	15	59
London	C	10	50
Los Angeles	S	16	61
Luxembourg	S	3	37
Madeira	C	20	68
Madrid	S	5	41
Majorca	S	14	57
Malaga	S	18	64
Malta	F	16	61
Manchester	C	10	50
Manila	C	31	88
Melbourne	S	19	66
Mexico City	C	28	82
Miami	S	19	66
Milan	C	9	48
Montreal	C	8	46
Moscow	Dr	2	36
Munich	C	1	34
Nairobi	F	25	77
Naples	R	12	54
Nassau	F	29	84
New Delhi	S	23	73
New York	C	18	65
Nice	S	14	57
Nicosia	S	24	75
Oporto	R	14	57
Oslo	Fg	3	37
Paris	S	5	41
Peking	S	5	41
Prague	Fg	0	32
Reykjavik	R	4	39
Rhodes	S	21	70
Rio de Janeiro	C	37	99
Rome	F	11	52
Salzburg	F	3	37
San Francisco	F	10	50
Seoul	S	3	37
Singapore	R	29	84
Stockholm	C	8	46
Strasbourg	F	2	36
Sydney	S	24	75
Taipei	C	23	73
Tangier	S	15	59
Tel Aviv	S	26	79
Tenerife	F	21	70
Tokyo	C	16	61
Toronto	C	1	34
Tunis	C	15	59
Valencia	S	16	61
Venice	R	9	48
Vienna	C	3	37
Warsaw	C	5	41
Washington	S	10	50
Zurich	C	2	36

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Walker offers to repay £60m

Mr George Walker (left), founder and former head of the struggling UK leisure group Brent Walker, has made a formal offer to repay £60m ($106m) over a period of five years to six bank creditors, in a move designed to forestall any potential bankruptcy proceedings. Page 18

Out of the jaws of defeat

S-E Banken, Sweden's leading commercial bank, has been defeated in its attempt to create a pan-Nordic financial group linking banking with insurance. However, out of the wreckage the outlines of an insurance conglomerate are emerging which could dominate the Nordic region and become the fifth largest in the European insurance industry. Page 19

Sterling's slide clouds bonds

The UK government bond market has been basking in a sunny climate for much of this year. Sterling has been stable within the ERM this year, but the sharp weakening of the pound in the ERM last week came as a rude shock to the optimists. Page 20

Mixed reaction to rates rise

Last Monday's rise in French official interest rates, the first for two years, sent the domestic bond market reeling, but analysts agree the long-term outlook is good. Page 20

San Paolo seeks L1,250bn

Istitito Bancario San Paolo di Torino, soon to be Italy's biggest bank, has confirmed it should also be one of the best-capitalised, following plans for an initial public equity offering to raise a minimum L1,250bn ($1.04bn). Page 19

Market Statistics

Companies in this issue

Maxwell family assets may cover debt

By Bronwen Maddox

THE VALUE of assets in the Maxwell family's private companies covers their debt of around £800m, ($1.4bn) a report presented to Maxwell bankers this morning is believed to indicate.

Around 30 banks to Mr Robert Maxwell's private companies, led by National Westminster, the UK clearing bank, this morning begin formal meetings lasting for several weeks, from which will emerge whether the Maxwell family can continue to own the Daily Mirror newspaper.

The preliminary report prepared by Bankers Trust and Coopers & Lybrand Deloitte, the accountancy firm, suggests initial valuations for businesses ranging from a North Sea helicopter company to Israeli and East German newspapers and Thomas Cook USA, the US travel business, as well as Maxwell Communication Corporation and Mirror Group Newspapers, the two publicly-quoted companies.

The estimates will underpin the first item on the meeting's agenda – whether the Maxwell companies have enough unmortgaged assets to back up loans now in default.

Bankers who have seen collateral for loans damaged by the collapse in MCC shares, are demanding more security as a condition for a temporary standstill on repayments.

Swiss Bank Corporation, which called in the Serious Fraud Office after Mr Maxwell's death when collateral for one of its loans was sold, is also seeking fresh collateral. It is adamant its claims should come ahead of unsecured creditors.

Bankers yesterday appeared willing to consider giving SBC an early exit from the negotiations, "particularly if that led to the closing of the SFO file", one said.

Mr Kevin Maxwell, who has taken responsibility for the Maxwell family's private finances since his father's death three weeks ago, will today lay out options for an orderly but rapid sale of many private interests.

The most troublesome asset is the private companies' 68 per cent stake in MCC, the publishing company now valued on the stock market at £233m.

Bankers will discuss with Mr Kevin Maxwell the possibility of holding an auction of MCC as an alternative to separate sales of Macmillan and Official Airline Guides, its two main subsidiaries.

The speed and price achieved in sales of private assets will determine whether the Maxwell family can keep the two assets they most want – Mirror Group Newspapers and the New York Daily News.

MGN is the private companies' most valuable asset and the family's 51 per cent stake is now worth £255m.

Bankers yesterday said it was theoretically possible to raise money by issuing a bond convertible into Mirror shares, while allowing the Maxwells to keep control. However, in practice this was "way down the list of options".

It might not be attractive to bondholders without a high coupon, a drain on cashflow, and security against the Mirror titles – but the banks would object to any subordination of their debt.

Andrew Baxter reports on JCB's link with Sumitomo

Former rivals join forces in the trenches

EUROPEAN CRAWLER EXCAVATOR MARKET SHARES 1990

CAT/Mitsubishi	2,326	18%
Fiat/Hitachi	2,182	17%
Komatsu	1,656	13%
Case Poclain	1,616	12%
Liebherr	1,130	9%
Others	4,233	31%
TOTAL	13,143	

Source: JCB

On a blustery day in the Derbyshire hills in northern Englang earlier this month, eight Japanese-made crawler excavators were put through their paces on ground that, until recently, was enemy territory.

Their tracks encased in heavily-churned mud, the entire crawler excavator range of Sumitomo Construction Machinery was ploughing up a test site normally used by JC Bamford Excavators (JCB) – one of the brightest stars of the British post-war mechanical engineering industry.

JCB, an independent, family-owned company, has a record on innovation, product development and marketing know-how that gives it more right than most British engineering companies to cock a snook at the Japanese.

So there was surprise in March when JCB announced a joint venture that will see Japanese-designed crawler excavators, albeit with modifications for the European market, being produced at JCB's Uttoxeter plant from the third quarter of next year.

Mr Martin Coyne, managing director of the joint venture company, JCB-SCM, says the aim is to build a 10 per cent share of the European crawler-excavator market by the mid-1990s, equating to sales of perhaps £45m ($79.6m).

Achieving that will depend on a similar combination of talents to that being discussed by Italy's Fiatallis, Deere of the US and Japan's Hitachi Construction Machinery for the European market. The European company's distribution network links with the overseas technology and product range to create a new force in the market and put pressure on smaller players.

As has happened in other sectors of engineering, these tie-ups recognise the Japanese technology lead and the enormous expense to match it. But unlike, for example, the machine tool sector, where Japanese producers have achieved technological and marketing leadership in tandem, European construction companies' dealer networks are a big attraction to the Japanese.

But the JCB-SCM venture has a significance beyond the construction equipment industry. It could provide a formidable test for the European companies that supply the industry with its pumps, hydraulic rams and other parts. Already there are rumblings from UK suppliers worried they may not get a look in.

Mr Coyne points out that the venture is not the thin end of the wedge towards Japanese control of the Staffordshire company. For its first such venture in its "home market" of Europe, JCB has 51 per cent control.

But, while the deal is limited to one product type, Mr Coyne stresses it is intended as a long-term arrangement in a sector where Japanese producers account for about 80 per cent of the world market in unit terms.

Even in a recession that has dented its domestic market, JCB retains a strong measure of self-confidence, and does not easily admit to shortcomings. But its own crawler excavator range, now out of production, was limited and never achieved the popularity of its stable product, the backhoe loader.

By the late 1980s, says Mr Coyne, JCB realised that to remain a world player in the industry, it needed an effective range in a product type which, because of its mobility and versatility, accounts for $10bn of the $45bn world market for construction and mining equipment.

Following a route dug in 1987 by Caterpillar, the world's largest construction equipment producer, via an excavator joint venture with Mitsubishi Heavy Industries, JCB determined to tap into the technological expertise shared by Japanese producers and their parts suppliers, and nourished by a home market that takes 62 per cent of the 92,000-unit world market for crawler excavators.

The UK-made excavators will have Isuzu engines like their Japanese counterparts, but Mr Coyne says he has not shut the door on European suppliers who can make other "large lumps" of proprietary equipment competitively. Even so, UK and continental suppliers face an uphill battle when the new venture can buy some parts for 30 per cent less from Japan.

All the big machining centres at Uttoxeter will be Japanese. Sumitomo can buy Japanese machine tools for 30-40 per cent less than JCB or other European customer.

Sumitomo's high-technology crawler excavators range from 7 to 45 tonnes weight, and the smallest and largest will probably continue to be brought in from Japan as they are sold in smaller quantities in Europe.

Mr Coyne says the venture, and JCB indirectly, will benefit from the unified Japanese approach to design and production. His deputy, Mr T.Osuka, spent 11 years in production and designed Sumitomo's next range of crawler excavators.

Sumitomo gets plenty out of the deal, too. It is an unknown name in European construction equipment, lagging behind its bigger rivals Mitsubishi, Hitachi and Komatsu. That has not been for want of trying – in 1989 it came close to buying Benati, an Italian producer, before being pipped at the post by the Fiat-Hitachi joint venture.

Sumitomo gains access to JCB's European network, and the UK company's name, which will appear prominently on the excavators' lift-arm. It will also benefit from the UK company's after-sales service.

At first glance, the sales target looks ambitious in the middle of a recession, but Mr Coyne believes the venture can take market share from smaller producers.

The venture's pan-European approach should give it an advantage over producers who are more dependent on a single national market, he says. Yet one of the companies JCB will be up against is Liebherr, strong in Germany which has taken on a new significance since reunification.

Mr Coyne concedes the venture will have to succeed in Germany to achieve its target. But perhaps there will be room for one new player in Europe if Germany and, later, eastern Europe help lift sales of crawler excavators from 13,000 units last year to 16,000 by the end of the century, according to forecasts collated by the UK manufacturer.

News Corp wins 3-year extension from banks

By Patrick Harverson in New York

NEWS Corporation, the debt-laden media group, has taken the next important step in the restructuring of its debts by winning a three-year extension and more favourable terms for $3.2bn in loans from its main banks.

Mr Rupert Murdoch's media group earlier this year persuaded more than 100 banks to agree to a refinancing of total group debt of $7.6bn (now equivalent to $8.3bn.)

Under the latest plan, the group has already completed a private placement of $180m of convertible preference shares and the public offering of a 55 per cent interest in the group's Australian commercial printing and magazine operations for $500m.

The next steps in the refinancing programme will include the sale of 16.1m American depositary receipts (ADRs) and 5m ordinary shares to US and international investors, the sale of $300m in senior 10-year notes, and an increase in bank loans. However, these moves depend on the successful outcome of talks with current lenders.

News Corporation said on Friday the terms of its existing $3.2bn bank loans were renegotiated to provide the group with greater flexibility on payment of dividends, making investments and issuing long-term debt securities, the proceeds of which would go to the banks.

If it meets debt reduction targets set by the banks, News Corporation will also be able to retain some money earned from asset sales and equity financings for working capital purposes.

The extension and the more favourable terms, however, have been granted subject to News Corporation meeting prepayment obligations by the banks.

BA may seek 80% of venture with KLM

By Charles Leadbeater, Industrial Editor, in London

BRITISH AIRWAYS might own as much as 80 per cent of a joint holding company it is considering setting up with KLM Royal Dutch Airlines to run their merged passenger airline operations.

The groups are discussing plans to merge operations to create Europe's largest airline. The merged airline would be controlled and managed by a holding company, which BA and KLM would jointly own. The airlines would retain separate identities, stock exchange quotations and shareholding structures.

The two airlines would be paid dividends by the holding company to pass on to their shareholders. The chances of the merger being approved by aviation regulators in Europe and the US would be heightened if the parent companies retain separate identities.

Executives acquainted with the talks believe BA will press for up to 80 per cent of the joint company, and will accept no less than 70 per cent, on the grounds it is almost three times the size of KLM with a market capitalisation of £1.6bn and a financial performance likely to be stronger.

The ownership split of the joint holding company is likely to be the most contentious issue. Dutch trade union officials last week suggested the holding company might be equally owned. A large share for BA would almost certainly provoke Dutch trade unions and some KLM managers to complain of a takeover.

However, these criticisms may be allayed by plans to give KLM a larger role in management of the merged operations than implied by the shareholding split. Under plans for the merger, the two airlines would be equally represented on the board with special voting rules to protect BA's dominance.

Merged management functions would help substantial cost savings. At least £500m ($885m) a year could be saved within two years from BA and KLM's combined costs (about £6.8bn in 1990-91).

Canada steps up its drive for solutions

Economics Notebook

By Bernard Simon in Toronto

LAST week Canada reported its first monthly trade deficit in 15 years. Although the setback was an aberration caused by a civil service strike which disrupted grain exports, the raw figures and the explanation lead to the same conclusion: slipping productivity is badly denting Canada's competitiveness in world markets.

The problem has been recognised for some time. The 20 per cent jump in Canada's unit labour costs between 1987 and 1990 was the highest among the G-7 countries. Productivity increases have slowed from an average of 2 per cent a year in the 1960s to 0.7 per cent in the 1970s and 0.2 per cent in the 1980s, again the worst G-7 performance.

What has changed in recent months is that the drive for solutions to the problem has moved into high gear.

The government and a business lobby group have just paid a million dollars to Prof Michael Porter, the Harvard economics guru, for an analysis of Canada's slipping competitiveness.

The 330-page study does little more than adapt to Canada the theories and solutions which Prof Porter proposed in his best-seller, The Competitive Advantage of Nations. He worries about Canada's tardiness in adding value to its natural resource base, and about the heavy concentration of foreign-owned "branch plants" which have little incentive to innovate.

By drumming up publicity for what Ottawa calls its "Prosperity Initiative", the Porter report has helped lay the foundation for what is likely to be a key pillar in the election campaign of Mr Brian Mulroney, the prime minister. But it has infuriated some of Canada's leading economists.

Not surprisingly, they would have liked the money for their research. But they also question whether an analysis which covers little new ground and offers few concrete suggestions will make a tangible contribution.

However, the real impetus for change is coming not from academic studies, but from two shocks to Canadian business and labour.

First, the free trade agreement (FTA) with the US, which came into effect in January 1989, is exposing Canada to unaccustomed competition from bigger, more efficient US producers.

Also, the Canadian dollar has soared from an all-time low of just in excess of 69 US cents in early 1986 to its current level of 88 cents. Last month, it briefly bobbed above 89 cents.

The exchange rate reflects an unusually independent monetary policy in recent years by the Bank of Canada.

Canadian interest rates traditionally track the same contours as their US counterparts, with a premium of one to two percentage points to compensate for stronger inflation pressures north of the border.

But the Bank of Canada acted far earlier than the Federal Reserve to curb inflationary pressures in the latter stages of the last boom. The spread between Canadian and US interest rates widened to as much as six percentage points last year. Canadian banks' prime lending rate peaked at 14.75 per cent.

The combination of the strong dollar and high interest rates plunged Canada into a deeper recession than the US. But the long-term benefits of the central bank's tight monetary policy are slowly becoming apparent.

Wage increases for unionised workers averaged only 3.3 per cent in the third quarter, down from 5.8 per cent in 1990. Price inflation has slowed to an annualised rate of less than 2 per cent (excluding the ripple effects of a 7 per cent value-added tax imposed last January).

To translate these gains into a more competitive industrial base however, also requires a number of far-reaching structural changes.

Toronto-Dominion Bank concluded last week in one of a mushrooming array of studies that "even though lowering the dollar would offer the manufacturing sector some much-needed help, a sharp devaluation would not solve Canada's problems in the long term."

Canada's spending on research and development in recent years has been about half that of the US and Japan, relative to the size of its economy. Private industry's R&D contribution is less than in India and only slightly higher than in Mexico.

Canada also has a dismal education and training record, with a school drop-out rate of about 30 per cent and functional illiteracy in 38 per cent of adults.

Mrs Sylvia Ostry, a former head of the OECD's economics department and now chairman of the Centre for International Studies at the University of Toronto, says that Canadian business has so far responded disappointingly to the currency shock, preferring to complain rather than mend its ways. Mrs Ostry thinks another jolt will be needed to goad it into action.

Another crucial element will be a shift in attitude. As Mrs Ostry said in a recent speech: "If we want high wages and a broad array of public goods, then efficiency in both the private and public sector must be a prime objective."

Some encouraging signs are emerging. Unions in several hard-pressed industries have agreed to reopen labour contracts and accept concessions. A public outcry greeted Ontario's decision earlier this year to triple the provincial budget deficit.

The question is whether the emphasis on restraint and productivity will survive beyond the end of the present recession.

George Walker moves to stave off bankruptcy

Bank creditors offered £60m back over 5 years

By Tracy Corrigan

MR GEORGE WALKER, founder and former head of the struggling leisure group Brent Walker, has made a formal offer to repay £60m over a period of five years to six bank creditors, in a move designed to forestall any potential bankruptcy proceedings.

On Friday, a writ was issued against these same six banks for wrongful inducement of breach of contract; Mr Walker will sue them for putting pressure on the company to oust him.

The repayments would rely on two main sources: any receipts from Mr Walker's claim for wrongful dismissal, and any revenues from Rausan-Segla, Mr Walker's French chateau would be channelled to the banks, according to Mr Walker's lawyer, Ms Denise Kingsmill, a partner of DJ Freeman.

Mr Walker was forced to step down as chief executive of the financially distressed company at the end of May, and is suing the company for wrongful dismissal.

Meanwhile, the company is to make a further attempt to remove Mr Walker, and his wife Mrs Jean Walker, formerly head of the hotels and leisure division, from the board. On Friday, the board agreed to seek shareholder approval to vote them out. The vote will be held within a month's time.

The 20-page debt repayment proposal, which was presented to the banks last week, followed demands by banks for repayment of the debt. With a "reasonable proposal" by Mr Walker on the table, a court would now be unlikely to look favourably on any bankruptcy proceedings against Mr Walker, according to Ms Kingsmill. She added that the bulk of the debt had been incurred by Mr Walker or by family trusts in an effort to keep the company afloat. For example, the family trusts put £30m into a £101.9m convertible bond issued last November at the time of the company's standstill agreement with the banks.

The banks involved in discussions on the refinancing of the company have made Mr Walker's removal a condition while Mrs Walker's refusal to sign particulars of the refinancing agreements have made her vulnerable to removal. Both are no longer in executive positions.bilities.

George Walker: writ issued against the six banks

Bass sells yeast technology for £18m

BASS, the brewing, pubs and hotels group, has sold its 81 per cent interest in Delta Biotechnology to the BOC Group for a cash consideration of £18m, including repayment of £7m loans.

Delta, with net assets of some £5m, was founded by Bass in 1984 to exploit its expertise in yeast technology.

Bass will participate in future earnings linked to Delta's performance. Delta, which has yet to commence trading, incurred a net loss of around £8.5m for the 12 months ending September 30.

The sale was part of the Bass strategy of disposing of non-core businesses.

The balance of Delta's equity, currently owned by the Stroh Brewery Company of the US, is also being sold to BOC.

Sun Life holders receive warning of lower dividends

By Norma Cohen, Investments Correspondent

SUN LIFE shareholders who do not choose to sell their shares to Rockleigh, the newly-formed company now bidding for them, could risk receiving smaller dividends in the future.

That was the warning sent to shareholders in a letter from Sun Life's independent directors giving their reasons why shares should be tendered to Rockleigh, the company recently formed by Societe Centrale Union des Assurances de Paris (UAP) and TransAtlantic Holdings.

"There is a risk that Rockleigh's influence could result in a smaller proportion of Sun Life's earnings being distributed in the future than in the past," the letter said.

UAP and TransAtlantic, via Rockleigh, now own 59.8 per cent of Sun Life. They have offered to purchase the remaining outstanding shares for £11.60 each, valuing the company at £790m.

Attached to the letter was an independent valuation of Sun Life from Bacon and Woodrow, consulting actuaries, which valued the company at £795m, equivalent to £11.69 per share, marginally below the offering price.

The letter also pointed out that Sun Life's business prospects were better than had been earlier believed. In the second half of the year, based on unaudited management accounts, new business for the 10 months to the end of October 1991 was 50 per cent higher than the year ago period. In the first six months of 1991, it was 37 per cent higher than the year before.

The independent directors said they did not intend accepting the offer in respect of their own beneficial holdings representing 0.02 per cent of Sun Life's share capital.

The letter was intended to help shareholders make their own minds up about the offer, which is conditional on Rockleigh being able to acquire only 122,182 additional shares.

The letter noted that as a result of the majority of shares being held by Rockleigh, liquidity may well reduce sharply, making it more difficult to sell shares later.

Furthermore, the number of shareholders may fall to the point where the London Stock Exchange de-lists the shares altogether, making it even more difficult to sell them.

Evered Bardon sells Pisani

Evered Bardon has continued to reduce debt by withdrawing from non-strategic activities through the sale for £620,000 cash of Pisani, wholesaler of polished granite, marble and decorative stone.

Veba profit just ahead to DM614m at nine months

By David Waller in Frankfurt

VEBA, the German chemicals, utilities and trading group, has lifted net profits for the first nine months of 1991 by DM5m to DM614m, (£212.4m) an increase of under 1 per cent. Sales rose by nearly 11 per cent to DM44.13bn against DM39.84bn.

The Düsseldorf-based group said that the contribution from the chemicals side of the business was "unequivocally down" over the same period last year, reflecting growing pressure on income and sustained competition.

There was no profits breakdown but the company said that other businesses, especially oil, had registered profits increases and the group was set for a good result for the full year.

While sales in the chemicals sector increased by a modest 2.8 per cent to DM7.87bn (DM7.65bn), the oil division saw a near 16 per cent jump in sales to DM9.24bn compared with DM7.97bn.

The company attributed this surge to a combination of higher prices and higher volumes.

Turnover in the trading division rose by 18.8 per cent to DM14.67bn, in part because of increased activity in distribution of fuel and building materials.

The company said it invested DM2.61bn in fixed assets in the first nine months, compared with DM2.46bn in the same period last year.

Wills' £4.3m provision for Hawkes disposal

By Richard Waters

Wills Group, the marketing services and automotive products manufacturer, has set aside £4.3m in provisions to cover the costs of disposing of its Hawkes group of trade finance companies.

The charge, taken as an extraordinary item, contributed to a £6.3m post-tax loss in the 18 months to June 30. Wills, which was changing its accounting reference date, had already taken a £835,000 charge against Hawkes in its previous accounting period, to December 31 1989.

Mr David Massie, chairman, blamed under-investment and the recession for a loss of nearly £1.49m on turnover of £22.7m in the 18-month period.

Ricoh tumbles 59% to Y7bn in sluggish markets

By Steven Butler in Tokyo

PRE-TAX profits of Ricoh, the Japanese camera and office equipment company, fell by 58.5 per cent to Y7.03bn (£30.56m) in the six months to end-September.

Sales fell in each of the company's main product divisions.

Like many other export oriented companies, Ricoh was hit by the high value of the yen and generally sluggish market conditions.

Group sales fell by 3.1 per cent to Y333.6bn and exports by 17.2 per cent to Y92.93bn.

At the operating level profits dived by 91.4 per cent to Y1.18bn. The cost of materials fell more slowly than the value of sales, while sales and management expenses rose.

Sales of photocopy and facsimile machines fell from Y203.4bn to Y197bn while those from information processing equipment declined from Y101bn to Y94.6bn.

The poor performance at the operating level was partially offset by better earnings in non-operating accounts.

Share revaluation losses for many companies were much more severe a year ago.

Net earnings declined by 49.1 per cent to Y4.68bn, and an unchanged interim dividend was declared at Y5.

Business conditions were expected to continue to be difficult.

Net earnings for the year were projected at Y9.5bn, compared to Y14.4bn last year.

Kenmare's I£1.7m from rights misses target

By Kenneth Gooding

Kenmare Resources, the Dublin-based natural resources exploration group, raised I£1.7m (£1.6m) from a rights issue but has missed its target of I£2.4m.

However, Mr Charles Carvill, chairman, said the sum raised would enable the company to move ahead with its Ancuabe graphite project in Mozambique.

The funds raised would allow USM-quoted Kenmare to use some element of project debt "which is in any case far more common than all-equity in the mining industry," he said.

Mr Carvill said Kenmare hoped to complete debt arrangements in March next year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
E Surrey Water ....int	3.65	Jan 16	3	-	8
McCarthy & Stone....fin	0.5†	Mar 4	0.5	1	1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Blockbuster Entertainment Corp (US)	Cityvision (UK)	Video rental	£75m	Agreed bid
Dow Europe (US)	Chemicke Zavody Sokolov (Czech)	Chemicals	£30m	Dow taking 51% stake
Scapa Group (UK)	Scandiafelt (Sweden)	Printing products	£35m	Agreed cash deal
McDonnell Douglas (US)/ Taiwan Aerospace (Taiwan)	JV	Aircraft manufacturing	£1.1bn	McDonnell needs finance
Morgan Crucible (UK)	Carbon Technologies (US)	Carbon components	£5.6m	Payments over 5 years
Morgan Crucible (UK)	Fulmer (US)	Components	£3.5m	Performance related price
Outokompu Metals & Resources (Finland)/ Placer Dome (Canada)	JV	Precious	n/a	Africa/east Europe venture
Crompton & Knowles (US)	Ste des Colorants d'Oissel	Dyes	n/a	ICI disposal
FMC Corporation (US)	Unit of Ciba-Geigy (Switzerland)	Flame retardant chemicals	n/a	UK disposal
FMC Corporation (US)	Unit of Ciba-Geigy (Switzerland)	Water treatment chemicals	n/a	UK disposal

Source. FT Mergers & Acquisitions International

Alliances in aerospace dominated the international mergers and acquisitions scene last week, writes Brian Bollen.

Highly-geared US manufacturer McDonnell Douglas said it was seeking more Asian partners, after reaching preliminary agreement to sell 40 per cent of its commercial aircraft operations to Taiwan Aerospace, for $2bn. McDonnell needs partners to help it develop a new long-range wide-bodied aircraft.

The much-discussed link between British Airways and Dutch airline KLM threw up speculation that it could take the form of a merger modelled on Anglo-Dutch groups Unilever and Shell.

Restructuring of the recession-hit video retailing industry continued with the agreed £75m bid by Blockbuster of the US for Cityvision, parent of the UK's biggest video rental company. The transaction also marks a strengthening of the links in the home entertainment field between Blockbuster and Dutch electronics company Philips, which has an option to buy half of Cityvision if the deal goes through.

US-based International Paper is forming a joint venture with Brierley Investments, the New Zealand investment and trading group, to control Carter Holt Harvey, New Zealand's largest forestry group. International Paper said it is buying half of Brierley's stake in Carter Holt Harvey as part of its strategy to become a strong Pacific Rim player.

Industrial materials manufacturer Morgan Crucible announced the acquisition of three US companies as part of its strategy of expanding into niche markets.

COMPANIES AND FINANCE

Nordic insurance giant reborn

Robert Taylor and Karen Fossli report on the future of Skandia

The first steps are underway to creating a pan-Nordic insurance giant capable of competing with the strongest in deregulated post-1992 Europe.

They result from the SKr4bn ($639m) deal struck on Friday by Skandinaviska-Enskilda Banken, Sweden's leading commercial bank, with Uni-Storebrand, the recently created Norwegian insurance conglomerate, and Hafnia, the Danish insurance group, to sell most of its 28.2 per cent share option in Skandia, Sweden's largest insurance company.

The agreement signals defeat for S-E Banken's attempt to create a pan-Nordic financial group linking banking with insurance. However, out of the wreckage the outlines of an insurance conglomerate are emerging which could dominate the Nordic region and become the fifth largest in the European insurance industry.

Nevertheless, the tangled saga at Skandia looks far from over. It is true that 58.2 per cent of Skandia's shares will be in the hands of Nordic insurance companies including not just Uni-Storebrand and Hafnia but Pohjola, the Finnish insurance company which already owned 10 per cent of Skandia.

But events are moving much faster than the main players would have liked. "This has not been the most perfect timing for us," admitted Mr Jan Erik Langangen, Uni-Storebrand's chief executive yesterday. "But these are opportunities on which you have to act."

With a 25 per cent stake in Skandia by next February, Mr Langangen is set to become the company's leading force with his maxim: "If you are strong you can choose your partner. If you are not, you will be chosen."

He told the Financial Times yesterday he has three clear objectives for Skandia.

- To "improve the basis of Skandia's earnings to convince Uni-Storebrand shareholders it is a good investment". In the first half of this year the company's profits fell by 99 per cent to SKr7m from SKr1.51bn a year earlier, although this was a misleading slide because the interim 1990 results included the SKr1.48bn sale of Skandia's headquarters.
- To "develop synergies" between Skandia and the other Nordic insurance companies that are now its majority shareholders.
- To "build a competitive Nordic structure, competitive both in the region and in the rest of Europe".

Bjorn Wolrath: fought against any planned merger

Uni-Storebrand and Hafnia intend to place 8.8 per cent of the shares with both an unnamed Finnish insurance group and another leading European insurance company, as part of the deal with S-E Banken. Mr Langangen made it clear yesterday that talks were continuing with several possible European partners but he hoped a decision would be reached in the next fortnight.

However he was not prepared yesterday to offer any public support for the existing Skandia leadership. The new owners would insist on direct company board representation.

Meanwhile the immediate public reaction from Mr Bjorn Wolrath, Skandia's chief executive, to Friday's deal does not suggest a speedy outcome to his company's uncertainties.

Not only did he not know until the last moment what was going to happen to S-E Banken's share option but he has yet to be given any clear indication from Skandia's new shareholders of how they foresee its future. His talks this week with Mr Langangen and Mr Per Hansen, chief executive of Hafnia, may help to clarify the outlook.

Mr Wolrath fought against any planned merger between S-E Banken and Skandia with considerable success from the moment of the bank's share option purchase but his apparent victory may well turn out to be pyrrhic.

The irony is that Mr Wolrath had earlier displayed the ambition to build up a pan-Nordic insurance giant from Skandia's power base. He told the Financial Times in September 1990 he wanted to create "the total Nordic insurance company with common computer centres, co-ordinated management training and other natural forms of teamwork" as well as establish a direct presence for Skandia in the European Community.

But now it looks as though it is Mr Langangen and his allies who have acquired the position to fulfil that ambition. "The new ownership structure could give new possibilities," admitted Mr Wolrath, but he does not disguise his unease about the latest turn of events.

Indeed, he has suggested one of Uni-Storebrand's primary aims in acquiring a dominant stake in Skandia is to end the activities of Skandia's Norwegian insurance subsidiary Vesta, which has around 15 per cent of Norway's insurance market and poses a competitive threat to Uni-Storebrand on its home territory. It is unclear this weekend what will happen to Vesta.

Hafnia also has problems as a result of its purchase of Skandia shares. Clearly this signals the end of the Danish company's role in the country's largest insurance company, Baltica Holdings, where it has acquired a 33.7 per cent majority stake.

While S-E Banken will retain 4.9 per cent of Skandia's shares, Mr Langangen ruled out yesterday any fresh attempt at creating a banking-insurance giant in the aftermath of S-E Banken's failure. "There will be no cross-shareholdings with S-E Banken. Nor a merger," he explained. He recognises the activities of banking and insurance should remain apart.

For S-E Banken the effects of its retreat could prove painful. Mr Bo Ramfors, the bank's chief executive, confessed that the Skandia option had proved a failure which could inflict a loss to the bank of up to SKr700m, as well as being a personal setback for him.

The bank's first-half profits rose by more than 30 per cent to SKr3.14bn, far better than expected. But S-E Banken reckons credit losses for this year alone will total around SKr3bn. In fact, S-E Banken is not pulling out completely from the insurance business. Last Friday it announced it was forming a new life insurance company to be called S-E Banken Forsakring.

However, this is small consolation for the abandonment of the bank's Nordic dream of a banking-insurance giant breaking down the barriers between financial services and strong enough to compete in post 1992 Europe. The next few weeks will determine whether Skandia's new owners will be able instead to construct a pan-Nordic insurance group with a strong continental European presence.

Court may urge more details on Wagons-Lits bid

THE BRUSSELS commercial court will decide today whether Accor, the French hotel group, should reveal more information about its FFr2.2bn ($407m) bid for Wagons-Lits, the Franco-Belgian travel company, writes Andrew Hill.

The court has also agreed to accelerate the procedure for its in-depth examination into the details and value of the bid. Analysts believe a final decision in favour of the small shareholders would not only force Accor to rethink its bid, but also clarify Belgium's two-year-old takeover law.

Three groups of shareholders have brought cases against Accor and Société Générale de Belgique, the minority partner in the bid, with the eventual aim of forcing a rise in the takeover price to BFr12,500 a share from BFr8,650.

During summary hearings last Friday, lawyers for a group of institutional investors claimed the Accor/La Générale 117-page offer document was "practically dumb" on the future strategy of Wagons-Lits. Accor's lawyers argued it was not up to the commercial court to question the decision of the banking commission, the Belgian takeover authority which approved the document.

On Friday, the court will begin to examine the substance of two other cases – one brought by Deminor, a small shareholders' action group, the other by Sodexho, the French catering company which owns 5 per cent of Wagons-Lits. The minority holders want judgment before the bid closes on December 5, or failing that December 18, the last date shareholders should be paid.

San Paolo plans L1,250bn share issue

By Haig Simonian in Milan

ISTITUTO Bancario San Paolo di Torino, soon to be Italy's biggest bank, has confirmed it should also be one of the best-capitalised, following plans for an initial public equity offering to raise a minimum L1,250bn ($1.04bn).

San Paolo will be the second bank to take advantage of the new Amato Law, under which public-sector banks can float up to 49 per cent of their ordinary shares. After completing the lengthy legal procedures to become a joint stock company, Banco di Napoli launched the first deal of its kind this month to raise L400bn.

The San Paolo transaction, which is expected to take place next April, will be much bigger, raising the bank's capital to L6,250bn from L4,900bn at present.

The first tranche of shares, worth L100bn in nominal terms, will be reserved for staff and is expected to be issued next February. The second tranche, comprising 125m shares at a nominal value of L10,000 each, will be floated. Around two thirds of the issue will be sold in Italy and the rest abroad.

The actual sum raised will depend on the issue price yet to be set.

However, the shares are likely to be priced at an appreciable premium over their nominal value. After the issue, about 20 per cent of the bank's capital will be quoted.

The issuing consortium will be led by Mediobanca, the Milan-based merchant bank. Salomon Brothers, Hambros and the Suez group, the US, UK and French financial institutions with which San Paolo has close links, are also likely to feature prominently in the deal.

San Paolo has equity stakes in all three companies, and it is expected that they will now take reciprocal stakes in the bank itself.

McDonnell Douglas lines up customers

By Paul Betts, Aerospace Correspondent

MCDONNELL Douglas has begun lining up potential launch customers for its new $4bn MD-12 three engine airliner to be developed in co-operation with Taiwan Aerospace and possible other Asian partners.

Mr Robert Hood, president of Douglas Aircraft, the US group's commercial aircraft division, disclosed in Singapore that he expected Japan Air Lines, China Airlines and EVA, the airline owned by Taiwan's Evergreen shipping group, to be among launch customers. He also said Federal Express, the US parcel group, was a likely launch candidate for the MD-12. Delta Airlines, the Atlanta-based carrier and a traditional McDonnell Douglas customer, has also shown considerable interest in the MD-12 although it is also looking at competing widebody aircraft.

Mr Hood expects Mitsui, the Japanese trading house with a 6.1 per cent stake in the Japanese carrier Japan Air Systems, to play a role in the $4bn MD-12 project. But he could not say at this stage if Mitsui would play a role as a launch customer or as an equity partner.

McDonnell Douglas' intense negotiations to forge a partnership with Asian investors to help launch the MD-12 programme by next spring to enable first deliveries of the new airliner in 1997 are increasingly being described in the US aerospace industry as an effort by the US company to set up what one official described as "an Oriental Airbus".

NRI TOKYO BOND INDEX

December 1983 = 100	21/11/91	Average yield (%)	Last week	12 wks ago	26 wks ago
		PERFORMANCE INDEX			
Overall	165.51	6.06	165.40	159.57	155.18
Government Bonds	163.51	5.94	163.49	157.68	153.01
Municipal Bonds	167.87	6.27	167.74	161.49	156.97
Govt.-guaranteed Bonds	170.32	6.31	178.04	164.07	159.71
Bank Debentures	161.82	5.93	161.71	156.25	152.20
Corporate Bonds	168.71	6.65	168.43	161.56	157.92
Yen-denom. Foreign Bonds	172.87	7.14	172.63	167.10	162.40
Government 10-year†	6.02		5.99	6.36	6.58

† Estimated par yield

Source: Nomura Research Institute

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Sterling's slide routs the optimists

"Crisis ? What Crisis ?" This was attributed to Prime Minister James Callaghan, January 1979, on his return from an international conference to face the "Winter of Discontent".

LIKE THE former prime minister, the UK government bond market has been basking in a sunny climate. The sharp weakening of sterling in the European exchange rate mechanism last week came as a rude shock.

Sterling has been stable within the ERM this year, trading firmly within the limits of a narrow band against the D-Mark. Interest rates have fallen and overseas investors have been enthusiastic buyers of gilts.

Hence, gilts market participants were sceptical for most of last week about the severity of the crisis facing sterling on the foreign exchange markets and its implications for bond prices.

City economists dismissed the idea that the weakness of sterling could lead to a rise in UK interest rates. This optimistic line of argument was maintained as sterling first fell below DM2.87 and then through DM2.86.

Only on Friday, when the UK currency dropped to DM2.85, did this essentially positive sentiment buckle. Even the most optimistic analysts admitted the weakness of sterling would – at least – postpone the next cut in interest rates.

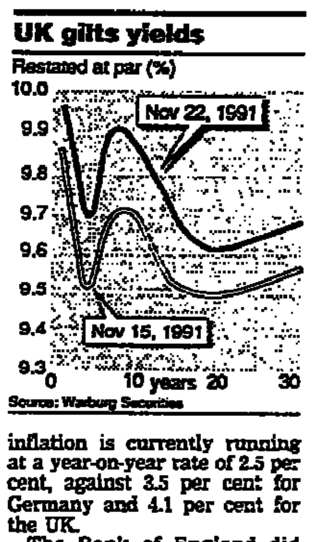
Talk of higher interest rates, while still regarded as premature, was firmly back on the agenda. This was reflected in the futures market. The December short sterling futures contract on the London International Financial Futures Exchange closed down 37 basis points on the week at 89.28, implying base rates of 10.72 per cent by the year end.

After all, the UK would not be the first ERM member to raise interest rates, even the domestic economic climate dictated a radical loosening of monetary policy.

The Bank of France was forced to raise interest rates by ½ a point on November 18 to defend the franc within the ERM. The move came just a month after rates were cut ¼ of a point to stimulate growth in the flagging French economy. While the French government does not face an immediate general election, the policy reversal was not without political pain.

Compared with the UK, France is a model of a reformed, low-inflation economy. French consumer price inflation is currently running at a year-on-year rate of 2.5 per cent, against 3.5 per cent for Germany and 4.1 per cent for the UK.

UK gilts yields



Source: Warburg Securities

The Bank of England did nothing to arrest sterling's decline last week. It has the ammunition to do so, at least for a time.

Foreign currency reserves amount to $44.5bn, close to the all-time high of $51.5bn reached at the end of 1988. In addition, the bank could draw on the support of the UK's ERM partners.

It may need all the support it can get.

Until this week, sterling was seen as an innocent casualty of the portfolio capital flows which have been pouring into the D-Mark. Most international investors have been underweight in German bonds and equities for the past two years, which is now being rectified by switching out of dollar and yen financial assets.

As the dollar has fallen against the D-Mark, sterling has followed.

However, by Friday, analysts were starting to talk about sterling's inherent weakness.

Moreover, there is no reason to believe that the performance of the UK currency is going to improve during the rest of the year. The foreign exchange markets are nervous about the sluggishness of UK economic recovery. This is likely to remain a factor until economic indicators show a sharp improvement.

In addition, splits within the Conservative Party in the run up to the Maastricht Summit on December 9/10 and the prospect of a general election in the first half of next year are unsettling factors.

Finally, while the Bundesbank Council left German interest rates unchanged last week, the next meeting on December 19 could opt for tighter monetary conditions.

Simon London

US MONEY AND CREDIT

Markets reflect economic confusion

US CAPITAL markets are at present an accurate mirror of Washington's confused and chaotic political posturing over the national economy.

The Treasury bond market, in common with the rest of Wall Street, appears to be offering a vote of no confidence in the ability of either the Bush Administration or Congress to take any truly effective action to stimulate the stalled economic recovery. The US recovery is now so weak it is almost hard to detect.

And with the White House in disarray on the domestic front and President Bush's remarks about capping the interest rates on credit cards being blamed for the recent 120-point drop in the Dow Jones index, the price of the benchmark 30-year Treasury bond crashed by two points last week. The market rallied slightly following unemployment figures showing a big rise in jobless claims, but these statistics did not cancel out the general confusion and a rise in housing starts.

By the end of the week bond traders had made a substantial net cut in the benchmark's price and sent the yield to nearly 8 per cent, largely out of fear that for electoral purposes the Bush Administration may try almost any fiscal trick – no matter how inflationary – to try to jump-start the economy.

The bottom line, according to Mr Robert Brusca, chief economist at Nikko Securities, is that "we find ourselves in what may be the longest of the post war recessions". Mr Brusca said the credibility of the Federal Reserve has been hurt by an internal split over the course of policy, by policy leaks that undermine the Fed's effectiveness as a cohesive unit and by marginal interest rate adjustments.

"If confidence is the problem," he said, then "baby steps will not easily repair the damage." Over at the Federal Reserve, policy makers appear divided over what to do.

A string of quarter point rate cuts has not produced any marked reaction as yet, although some economists say the lag between these cuts and a macro-economic response could take several more months. In San Francisco, Mr Robert Parry, president of the Federal Reserve that covers western states, noted that Fed funds have already come down by 325 basis points since October 1990 and reckoned the effect of these cuts will eventually be felt. But, Mr Parry stressed in an interview this could take three to six months. "We have put a lot of easing in train and one has to wait and get a clear view of the effects," he said.

Although he acknowledges market jitters, Mr Parry said he feels less worried about inflation than he has for some time. "I never want to get into a position of saying the market is wrong. I have to believe there is concern about inflation. But the question is whether fiscal policy will pick up its lance and start charging when it should not."

Mr Parry, who sits on the Fed's Open Markets Committee, also conceded that given the coming presidential election period "we are getting close to a funny period" that could cause the market further worries about the inflationary impact of fiscal policies.

But these worries could be fuelled by monetary policy as well, especially if the Fed, as expected, moves to cut rates once more during the next couple of weeks. With US economic policy in limbo, the bond market will focus on its regular diet of statistics.

A key figure will come *tomorrow* when the consumer confidence index is released by the Conference Board; it is likely to show further deterioration, reinforcing fears that US retailers are facing one of their worst Christmas seasons in years. On Wednesday, before the market slows down for the Thanksgiving Day holiday, durable goods orders will be out, along with personal income and expenditure figures that are likely to be inconclusive. The holiday makes this week an imperfect barometer of true market sentiment, so it may be in the run-up to Christmas, probably following more rate cuts by the Fed, that investors articulate the depth of their concerns over the US economy. In the absence of a miracle, the market is more likely to be governed by jitters than by anything else.

Alan Friedman

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	4.69	4.75	5.19	11.00	2.00
Three-month Treasury bills	4.53	4.68	5.09	8.29	4.53
Six-month Treasury Bills	4.67	4.77	5.03	7.78	4.67
Three-month prime CDs	4.95	5.03	5.35	7.17	4.95
30-day Commercial Paper	4.85	4.90	5.20	7.12	4.85
90-day Commercial Paper	4.85	4.96	5.25	7.02	4.85

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	100[illegible]	-[illegible]	7.08	6.94	7.35
20-year Treasury	114[illegible]	-[illegible]	7.71	7.63	7.86
30-year Treasury	100[illegible]	-1[illegible]	7.97	7.81	8.04

Money supply: In the week ended November 11, M1 rose by $1.1bn to $884.9bn.

FRENCH BONDS

Mixed reaction greets interest rate rise

LAST Monday's rise in French official interest rates, the first for two years, sent the domestic bond market reeling, but analysts agree the long-term outlook is good.

The rate rise, which increased overnight money by half a percentage point to 9.25 per cent and lifted the five to 10-day rate by quarter of a point to 10 per cent, looked to cynics as if Mr Pierre Bérégovoy, the finance minister, had at last managed to persuade his colleagues that last month's rate cut had been a mistake.

Rates on the benchmark 10-year OAT government bond accordingly climbed to 8.87 per cent by Friday, from 8.75 per cent at the end of the previous week and 8.76 per cent a month ago. The spread over German bunds climbed to 63 basis points by Friday, from the 50 basis points or so which was considered the normal range before the announcement. On the futures market, the Matif's 10-year notional OAT futures contract eased from a high of 107.54 at the start of the week to 106.68 by the end.

Investors feel the short-term outlook for the French economy is cloudy, say analysts. Certainly, the 0.8 per cent rise in third-quarter gross domestic product was higher than some observers had expected. Yet the corporate sector is still behaving as if it does not believe there will be a strong upturn in demand, as indicated by the latest estimate from Insee, the state statistics institute, that industrial investment will fall 9 per cent this year.

On top of this, the government's announcement that the budget deficit this year will be at the top of its earlier estimates, at FFr99.9bn, is a mild disappointment for the market, said Mr Jean-Francois Mercier, economist at Salomon Brothers in London. The continuing social unrest, stoked by the latest anti-immigration manifesto from the National Front, adds to the uncertainty.

But in the longer term, the market will be sensitive to the Socialist government's continuing firm hand on government spending. Here the news is encouraging for French bond investors, as shown by last month's moderate wage agreement with civil service unions for a 6.5 per cent rise over two years.

Analysts are assuming that despite the social unrest, the government will have no real difficulty in meeting next year's target of a FFr89.9bn deficit, which would be a moderate 1.27 per cent of forecast GDP, down from 1.47 per cent this year. Even though the French government continues to worry about the budget deficit, its problems on this score are nothing like as serious as those facing the German government.

On the strength of this, some analysts believe the rate differential between OATs and Bunds should narrow sharply in the year ahead.

Most importantly, the interest rate rise signals to the markets that Mr Bérégovoy is holding on to his strong franc policy. This reinforces analysts' existing view that the government will continue to keep the lid on inflation, which at an annualised rate of 2.5 per cent last month, is now the lowest in the Group of Seven.

William Dawkins

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 9 3/4 94	200	106½	+⅛	6.47
ABN 9 1/8 94	200	105⅜	+⅛	6.79
AETNA LIFE & CAS 7 3/4 16	200	101⅛	+⅛	7.64
ALBERTA PROVINCE 8 5/8 96	750	105¼		7.22
ALBERTA PROVINCE 9 3/8 95	600	108¼	+⅛	6.90
AMERICAN EXPRESS 0 00	450	46⅛	-⅛	8.82
AMERICAN GENERAL 9 3/4 95	100	105¼	+⅛	7.99
AMERICAN INTL 0 04	750	34⅞		8.63
ASIAN DEV BANK 0 04	1000	35⅛		8.48
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY 8 3/4 93	500	103¼	+⅛	5.69
OCCH 8 1/2 93	150	103⅛	+⅛	5.95
ONTARIO 8 1/2 01	600	102⅛	-⅛	8.12
ONTARIO HYDRO 11 5/8 96	200	110⅛	+⅛	6.48
OSAKA PREFECTURE 9 3/8 93	140	105¼		6.06
OSTER KONTROLLBANK 8 1/8 93	200	103	+⅛	5.67
OSTER KONTROLLBANK 8 1/2 01	200	103⅛	-⅛	7.94
OSTER POSTSPARK 10 1/2 94	150	108⅝	+⅛	6.48
PEPSICO 7 3/8 93	200	101½	+⅛	6.24
PETRO-CANADA 7 1/4 96	200	100⅝	+⅛	7.07
PHILIP MORRIS 9 7/8 98	200	105		8.78
PROCTER & GAMBLE 10 95	150	103¼	+⅛	8.89
PRUDENTIAL RLTY SECS 0 99	365.216	56⅛		8.28
QANTAS AIRWAYS 5 5/8 96	97.75	104⅝	+⅛	7.39
QUEBEC HYDRO 9 01	300	103⅛	-⅛	8.39
QUEBEC HYDRO 9 3/4 98	150	109		7.98
QUEBEC PROV 9 98	200	105¼		7.93
QUEENSLAND GOVT 10 1/4 95	100	109⅝	+⅛	7.16
RALSTON PURINA 11 3/4 95	150	111⅛	+⅛	7.78
REED PUBLISHING 9 5/8 97	150	107	+⅛	8.01
REYNOLDS MET 10 1/4 93	100	102	+⅛	8.97
SAINSBURY 9 1/8 96	150	106⅛	+⅛	7.47
SARA LEE 9 3/8 93	150	104⅝	+⅛	6.62
SAS 13 99	200	105⅞	+⅛	8.85
SAS 13 1/8 95	150	107¼	+⅛	7.87

	Issued	Bid price	Chg on week	Yield
SBAB 9 1/2 95	500	108	+⅛	6.84
SEAGRAM CO 8 1/2 96	100	101⅞	+⅛	7.96
SEARS O/S FIN 0 98	500	57⅛	+⅛	8.80
SEARS O/S FIN 11 5/8 93	150	107⅝	+⅛	7.09
SEARS ROEBUCK E/DBO 9 3/4 95	500	104⅝		8.11
SNCF 7 1/4 94	175	102⅝	+⅛	5.98
SNCF 9 1/2 98	150	109⅝		7.59
STATE BK NSW 8 1/2 96	200	104	+⅛	7.42
STATE BK STH AUST 9 1/4 93	100	103⅝		6.03
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	87⅛	+⅛	7.23
AUSTRIA 4 5/8 98	100	87⅞	-⅛	7.18
CHUBU ELEC POWER 6 3/4 01	300	99		6.89
COUNCIL EUROPE 4 3/4 98	250	88⅛	+⅛	7.09
EEC 5 1/2 00	100	89		7.20
EIB 6 1/2 98	600	98⅛		6.80
ELEC DE FRANCE 7 1/4 06	100	101⅛	+⅛	7.08
FINLAND 5 3/8 95	150	94	-⅛	7.17
GENERAL MOTORS 7 1/2 95	100	100		7.48
JAPAN DEV BK 5 1/2 94	100	95⅛		7.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid price	Chg on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD BANK 0 15	2000	18⅞	+⅛	7.25
WORLD BANK 5 3/4 96	300	90⅛	-⅛	8.56
WORLD BANK 7 1/8 95	500	97⅛	-⅛	8.09

FRENCH FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
CEPME 10 95	2000	101⅛	-⅛	9.37
ELF-AQUITAINE 9 99	600	98⅛	-1⅛	9.22
EURATOM 7 5/8 98	500	92⅛	-⅛	9.23

EQUITY WARRANTS	Expiry Date	Bid price	Chg on week	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on November 22

JAPANESE RETURN TO THE ITALIAN SYNDICATED LOAN MARKET AS UNCERTAINTY OVER TAX PROPOSALS DENTS EUROBONDS

Autostrade Ecu100m deal oversubscribed

ITALIAN state-owned borrowers are returning to the syndicated loan market, but the market could soon be under pressure again, as pent-up demand for funds creates a surge of transactions for a mixed bag of credits.

Some banks, mainly Japanese, have been refusing to lend to Italian state-owned borrowers as a protest over the failure of the Italian government to make good their exposure to Federconsorzi, the Italian farm service group which collapsed earlier this year.

On Friday, Autostrade, the Italian motorway operator, completed a loan which has been held up by the Federconsorzi issue for several months. In the event, the Ecu100m deal was oversubscribed and has been increased to Ecu125m. The margin was increased due to the Federconsorzi problems to a more generous 45 basis points above the London interbank offered rate over seven years, with an average life of 5½ years. The underwriting group, headed by Banca Commerciale Italiana, includes several Japanese banks.

A new transaction for Monte dei Paschi di Siena was launched on Friday. The Ecu100m term loan, maturing in July 2002, is jointly arranged by Manufacturers Hanover and Monte dei Paschi and underwritten by Bayerische Landesbank, Girozentrale, Italian International Bank and Société Générale. It pays a margin of 47½ basis points over Libor for the first five years, then 50bp over Libor thereafter.

Barclays Bank is taking its first position as arranger since the Federconsorzi furore on a loan facility for Istituto di Credito Fondiario del Piemonte.

Meanwhile, the finance arm of Ilva, the Italian steel company which is part of the huge government-held IRI group, raised $150m through an issue of floating rate notes. An FRN is something of a hybrid of a syndicated loan and a fixed-rate bond, in terms of its investor base – still held largely by banks, but more widely held and traded – than a loan.

Merrill Lynch, the lead manager, said the deal was "a first step" towards widening Ilva's investor base, estimating that around 40 per cent of the deal will be held by existing bank investors, with the remainder reaching a wider audience.

● India has been able to return to the market with a sizeable transaction, after a difficult period when many banks feared India's commercial debt might have to be rescheduled.

Air India has mandated ANZ and Citibank to arrange the financing of four Boeing 747-400 aircraft. The financing will total more than $500m. The transaction will be 85 per cent supported by the US Export-Import Bank, while the remaining 15 per cent will be secured on collateral. The margin on the 12-year transaction averages about 100 basis points above Libor.

● The $5bn syndicated loan for Kuwait arranged by J.P. Morgan is expected to close early this week, with around 75 banks in the deal. Around $1.8bn of subscriptions were received in the sell-down, and Kuwait will have to decide whether to take an increase on the $5bn transaction.

● Neste and Neste Petroleum have mandated Chase Investment Bank and Citicorp Investment Bank to arrange a $400m term loan facility to finance its share of the Brage and Heidrun oil fields on the Norwegian continental shelf.

● Schroder Wagg is arranging a £24m club deal, among four banks, for BBC Enterprises. The five-year facility, guaranteed by the British Broadcasting Corporation, has a margin of ¼ point above Libor and is currently in syndication.

Tracy Corrigan

EUROMARKET TURNOVER ($m)

Primary Market	Straights	Conv	FRN	Other
US$	2,270.0	0.0	689.1	14,334.6
Prev	944.5	70.0	0.0	11,976.7
Other	3,319.2	51.3	77.2	8,740.6
Prev	2,712.8	6.8	0.0	10,551.5
Secondary Market				
US$	27,964.1	1,243.5	7,624.4	11,360.8
Prev	19,411.5	732.6	5,536.9	8,451.4
Other	46,718.5	796.2	3,849.7	86,699.7
Prev	34,052.1	658.4	3,914.1	76,497.7

	Cedel	Euroclear	Total
US$	22,355.1	43,131.4	65,486.5
Prev	15,994.1	31,129.5	47,123.6
Other	49,114.1	101,138.3	150,252.4
Prev	47,786.9	80,606.5	128,393.4

Week to November 21, 1991 Source: AIBD

Traders fear tax reform plan will hit Eurolira paper

THE ITALIAN bond market once again fell victim to uncertainty about tax treatment last week. A proposed change to Italian withholding tax rules caused prices of supranational Eurobonds to drop and one deal to be postponed.

The change stands to increase funding costs of Italian state borrowers and international agencies which currently enjoy a favourable tax position. Since it could deter them from tapping the market, the move may be a setback to the development of the Eurolira bond market, where these borrowers have created a supply of highly rated paper.

Bonds issued by the European Investment Bank, the World Bank, the European Coal and Steel Community and Euratom are all exempt from withholding tax for Italian investors, which creates considerable cost savings when they tap the Italian lira sector.

Under proposals passed by the Italian Senate last week, withholding tax on Eurolira bonds would fall from 30 per cent to 12½ per cent, in line with Italian government bonds. It is also proposed tax should be paid on accrued interest, rather than on the annual coupon, making it harder for investors to avoid the tax.

The rule change, which could come into force next year, would eliminate the tax exempt privileges of government entities, but it is unclear if the international agencies, of which Italy is a member, would be covered.

The increase in costs to agencies could be substantial. The European Investment Bank often borrows in the Eurolira market and then lends the lira-denominated proceeds on to Italian borrowers. Mr Ernst-Gunther Bröder, president of the EIB, said last week he was not concerned by the move and the EIB had never been happy benefitting from special treatment.

Lira loans from the EIB would not be more expensive for its borrowers as a result, he added. For borrowers which swap into other currencies, the effect of the tax change would be to destroy the excellent arbitrage currently available. The World Bank, which often swaps the proceeds of lira deals into other currencies, will lose one its most attractive sources of funding, if the changes go ahead.

According to Italian bankers, the World Bank has been able to raise funds in the sector at levels of 100 basis points to 130 basis points below the London interbank offered rate, because the absence of withholding tax creates arbitrage opportunities.

"That sort of financing opportunity has not been available in any other market in the world," observed one Italian banker.

Without this benefit, funding opportunities in the sector would probably be comparable with other sectors, where the World Bank might expect to raise funds at, say, 50 basis points below Libor. Ferrovie, the Italian railway, has also reaped benefits from the system, borrowing floating rate dollars at levels close to 100 basis points below Libor.

These borrowers will also lose out in other sectors. Italian investors have been enthusiastic buyers of tax-exempt bonds denominated in other currencies such as pesetas and D-Marks. Top Italian borrowers like Ferrovie have frequently tapped the dollar bond market for large amounts.

The extent to which the performance of such deals will be affected is hard to measure, since it will largely depend on the level of participation by Italian investors at any particular time. But, in the matador bond market – the Spanish market for foreign borrowers – Italian investors have been a mainstay of buying interest for supranational agency debt. Consequently, tax exempt names trade at a yield about 30 basis points lower than other matador bonds.

While the initial impact on the Lira bond market last week was negative, the long-term effects of any rule changes, given the uncertainty surrounding them, are hard to gauge. If Italy effectively standardises tax conditions throughout the market, the prognosis could be improved, since, with anomalies ironed out, the market will be able to mature more quickly. The vast strides made by the Italian government bond market in the last year show that political will to reform can help boost a market's attractiveness to foreign investors.

In the shorter term, some dealers hope to be able to reap the rewards of predicting the changes correctly. While prices of tax-exempt bonds in the Eurolira sector dropped initially, some dealers pointed out it is unclear if any loss of tax-exempt status would apply to outstanding bonds, or only to new bonds. If outstanding issues were not threatened by the changes, existing tax-exempt debt would stage a marked recovery.

Tracy Corrigan

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Hitachi Credit Corp.†	100	1996	5	7⅛	99.76	UBS Phillips & Drew	7.184
Casio Computer♦	250	1995	4	3⅝	100	Daiwa Europe	3.625
Credit Lyonnais†	250	1994	3	6⅜	99.76	Credit Lyonnais	6.466
Ilva Finance(m)‡†	150	2001	10	(m)	100	Merrill Lynch	-
Apasco(o)†	100	1996	5	10¼	99½	SBC	10.383
J.F Carib A.E.C.†	50	1993	2	6¼	101⅛	IBJ Int.	5.639
Korea Int. Merchant Bk.(n)‡†	40	1994	3	(n)	100	KEB Int./Commerzbank	-
Cpia.Naviera Perez(q)†	100	1996	(q)	9	95.335	Chase Investment Bk	10.475
STERLING							
Drive Securities(c)‡†	230	1996	(c)	(c)	100	Goldman Sachs	-
ECUs							
Banque Indosuez†	60	1996	5	9⅝	102	Daiwa Europe	9.154
CANADIAN DOLLARS							
Export Import Bk.of Jap.†	300	1997	6	8½	101.40	UBS Phillips & Drew	8 195
FRENCH FRANCS							
SNCF(k)†	2.5bn	2003	11⅓	9	99.628	Banque Paribas/BNP	9.042
Province of Quebec†	2bn	1999	8	9⅜	99.267	CCF	9.510
NEW ZEALAND DOLLARS							
Mcdonalds System of N.Z.†	50	1999	7	9⅜	101.95	Westpac Banking	8.988
D-MARKS							
European Investment Bk(d)†	300	2001	10	8⅛	101.60	Dresdner Bank	7.888
Republic of Venezuela†	200	1996	5	10½	100¾	WestLB	10.301
Deutsche Ausgleichsbank(f)‡†	100	2001	9¾	(f)	100	Trinkaus & Burkhardt	-
Nissan Real Estate Devt.★★†	65	1996	5	9	101.30	IBJ (Germany)	8.669
Ford Motor Credit†	200	1997	6	9	101.30	Dresdner Bank	8.669
Total†	200	2001	10	8½	102.30	Deutsche Bank	8.156
SXL Corp♦	125	1995	4	5⅛	100	Commerzbank	5.125
SWISS FRANCS							
Thai Petro.(Cay.Is.)(e)★★§†	25	1996	-	4½	100	DG Bank (Suisse)	4.500
Yotal Refractories(a)★★♦†	30	1995	-	4½	100	Nomura Bk (Switz)	4.500
Total†	100	2001	-	7⅛	102	UBS	6.842
Jinro(g)★★§†	25	1996	-	4	100	SBC	3.997
Nichias Corp(l)★★♦	100	1995	-	4½	100	Credit Suisse	4.500
Republic of Finland★★†	150	1998	-	7	100¾	UBS	6.882
Sinko Kogyo(p)★★♦	60	1996	-	4¾	100	Coutts & Co.	4.750
YEN							
Mazda Motor Corp.†	20bn	2000	8⅓	6.4	101½	Daiwa Europe	6.157
Mazda Motor Corp.†	20bn	1999	7⅓	6.4	101⅔	Daiwa Europe	6.153
Fujitsu†	50bn	1997	5⅓	6.3	101.60	Nikko Europe	5.929
Fuji Xerox★★†	10bn	1999	7¼	6½	101½	Daiwa Europe	6.230
Eurofima†	25bn	2001	10	6⅓	99.70	Goldman Sachs	6.166
GUILDERS							
NV Vereniging Aegon★★†	150	1994	3	9¼	100⅝	ABN Amro	9.003
Aegon†	225	2001	10	8¾	100.10	ABN Amro	8.735
AUSTRIAN SCHILLINGS							
Republic of Austria(h)‡†	2bn	1994	3	(h)	100	Bank of Austria CSFB	-
SWEDISH KRONOR							
Oesterreichische K'bk†	1bn	1996	5	10⅓	101.325	Nomura Int	10.025
ESCUDOS							
European Investment Bk.(i)†	10bn	1996	5	11¾	101	Bco Por Atlantico	11.476
LIRE							
Aerospatiale Finance Corp†	150bn	1996	5	11¾	101.725	Banco di Napoli	11.280
LUXEMBOURG FRANCS							
MBE Finance NV†	600	1997	5.167	9⅗	102	BIL	8.862
Caisse Hypothecaire★★†	250	1996	5	9¼	102	BIL	8.739
Eurofima(b)†	1.5bn	2001	10	9	102¼	BCEE	8.655
GMAC★★†	500	1993	2	9¼	102.10	KBL	8.563
Is.Bco.S'Paolo(j)†	600	1998	7	9⅜	102.15	BGL	8.949
Cr.Lyonnais PK★★†	500	1998	7	9⅜	102.15	Credit Lyonnais (Lux.)	8.949
Union Bk of Finland†	600	1997	5.167	9⅜	102	Banque Paribas (Lux)	8.862
Cregem Finance†	1bn	2002	10	9¼	102	Cregem Int	8.939

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. ♦Variable rate notes. †Final terms. a) Callable 29/11/93 at 102% declining ½% semi-annually. Exercise premium fixed at 2.56%. b) Amount increased from LFr1bn. Callable 1999 at 102½%, and 2000 at 100¼%. c) Average life – 4.3 years. Coupon pays 45bp over 3-month Libor. Non-callable. d) Callable after 8 years at par. e) Conversion premium fixed at 7.07%. Put option after 5 years to yield 7¼%. f) Coupon pays 10¾% for first 21 months, then 15% minus 6-month Libor thereafter. Non-callable. g) Put option 31/3/94 at 111⅝% to yield 8.713%. h) 2 tranches, domestic tranche – Sch1bn, international tranche – Sch1bn. Coupon pays 3-month Vibor minus ⅛%. Maturity can be extended by issuer to 1997 and then to 2000. Callable at 100% from 1994. Selling concession fee – 15bp. i) Callable on 12/12/95 at 100%. j) Fungible with existing LFr1.6bn deal. Deal is now LFr2.2bn. Non-callable. k) 2 tranches, domestic tranche FFr1.4bn, international tranche FFr1.1bn. Amount may be raised by 20% until 27/11/91. Fungible with existing FFr12.2bn deal. Non-callable. l) Callable at 101% on 11/12/95 declining ½% annually. m) Coupon pays 50bp over 6-month Libor. Non-callable. n) Puttable if combined shareholding of Hong Kong & Shanghai Bank and Commerzbank falls below 30%. Coupon pays 60bp over 6-month Libor. o) Puttable at par if the shareholding by Holderbank falls below 50%. Callable 12/94 at 102.27%, 6/95 at 103%, 12/95 at 102.22%, and 6/96 at 102.85%. p) Callable 12/12/94 at 101%. q) Callable 17/12/93 at 97.932% and 17/12/94 at 98.034%. Coupon payable semi-annually. Notes will amortise in 3 equal payments on 17/12/95, 17/6/96 and 17/12/96. Average life - 4.5 years. Note. Yields are calculated on AIBD basis.

WORLD STOCK MARKETS

CANADA

TORONTO

4:00 pm prices November 22

MONTREAL

4:00 pm prices November 22

INDICES

NEW YORK

DOW JONES	Nov 22	Nov 21	Nov 20	Nov 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	2902.73	2932.69	2930.01	2931.57	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.42	97.47	97.46	97.53	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1194.69	1214.69	1202.73	1200.11	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	212.19	214.63	213.82	213.63	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 2940.30 (2953.94) Low 2880.81 (2902.28)

STANDARD AND POOR'S

	Nov 22	Nov 21	Nov 20	Nov 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	376.14	380.06	378.53	379.42	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	443.82	448.14	446.51	447.66	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	30.13	30.46	30.40	30.55	32.54 (13/11)	21.96 (9/1)	36.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	208.16	210.21	209.43	209.91	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	373.28	376.05	374.81	374.25	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	526.46	530.33	526.12	523.47	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Nov 15	Nov 8	Nov 1	year ago (approx.)
Dow Industrial Div. Yield	3.10	3.05	3.03	4.01

	Nov 20	Nov 13	Nov 6	year ago (approx.)
S & P Industrial div. yield	2.80	2.67	2.72	3.39
S & P Indl. P/E ratio	22.79	22.04	21.19	15.47

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Stop Shop	5,142,400	12½	----
ADT Ltd	2,974,000	6	- 1
Syntex Corp	2,418,800	38⅞	- 1⅛
Harcourt Brace	2,347,900	⅞	----
Bristol Myers	2,307,900	80¼	- 1¾
Telefonos	2,194,000	43	+ ⅛
Glaxo	2,149,300	28¼	- ⅞
Amer T & T	2,055,800	36¼	- ⅜
Amer Express	1,721,900	18⅝	- ¼
Philip Morris	1,566,900	68½	- ¼

TRADING ACTIVITY

† Volume (Millions)	Nov 22	Nov 21	Nov 20
New York SE	188.110	195.060	192.670
Amex	13.343	17.868	12.569
NASDAQ	(a)	188.911	172.907
NYSE			
Issues Traded	2,149	2,129	2,154
Rises	508	835	772
Falls	1160	779	888
Unchanged	481	515	494
New Highs	30	28	20
New Lows	75	48	39

CANADA

TORONTO	Nov 22	Nov 21	Nov 20	Nov 19	1991 HIGH	1991 LOW
Metals & Minerals	2915.10	2950.69	2946.82	2947.26	3299.99 (18/7)	2632.06 (9/1)
Composite	3451.90	3493.10	3501.70	3515.32	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1809.64	1835.42	1840.27	1845.31	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

WORLD M.S. Capital Intl.(1/1/70) (S) 509.2* 510.1 508.8 510.3

*Saturday November 16. Taiwan Weighted Price 4442.46. Korea Comp Ex 665.65
a Subject to official recalculation
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Friday, 22 November 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Okamoto	20.2	1,190	+10	Nisshin Steel	2.9	470	-6
Meiji Milk Prods	5.6	1,160	-60	Meiji Seika	2.7	1,120	-20
Sumitomo Metal	4.3	1,120	+60	M'bishi Kakoki	2.7	889	-37
Toyo Ink	3.7	816	-34	NKK	2.8	344	-3
Hitachi	3.3	905	0	M'bishi Materis	2.4	567	-2

Price data supplied by Telekurs.

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The maximum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	49 70	49 70	50 19	10 6	48246
Capital Preference	5½	47.96	48.28	51 90	9 33	46075
Ethical	5¼	48.29	49 37	52 52	4 82	46768
European Growth	5¼	46 02	46.07	49 14	3.10	46171
Income	5½	45 63	46 17	49 25	7 72	41394
Intl Growth	5¼	62 51	62 97	67 17	3.39	41395
Managed	5¼	56.58	57.28	61 10	4 66	41396
UK Growth	5¼	49 84	50 33	53 68	5.78	41397
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	188 6	190 9	198 8	3 10	47199
Do Income	3	180.0	182.2	189 7	3 10	47321
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	34 71	34 71	36 88	2 40	41398
UK Equity Gth Acc	5¼	46.42	47.31	50 27	2.21	41399
UK Eq High Inc Inc	5¼	30.28	30 90	32 92	6 15	41400
UK Eq High Inc Acc	5¼	34 04	34 83	37 01	6 15	46942
UK Equity Gen Acc	5¼	44.55	45 28	48 12	3 49	41401
UK Equity Gen Inc	5¼	34 86	35 44	37 66	3 49	41402
UK Larger Cos Acc F	7¼	290 8	294 8	319 9	4 69	41403
UK Larger Cos Inc F	7¼	234.2	237 4	257 6	4 69	41404
Gilt & F xd Int Inc	5¼	27 41	27 48	29 07	7 68	41405
O'seas Larg Cos Acc F	7¼	203 9	208 0	225 7	2.35	41406
Nth American Acc	5¼	32 60	32.80	34.86	0.83	41407
Far East Acc	5¼	39.59	40 56	43 10	0 05	41408
European Acc	5¼	32.72	34.39	36 54	1.60	41409
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	269 5	269 5	288 0	1 00	41410
(Accum Units) ♥	5	317.2	317.2	338.9	1.00	41411
British	5	793.0	803 0	849 5	6 10	41416
(Accum Units)	5	1302.8	1319 3	1395 7	6 10	41417
European	5	313 9	313 9	334 3	1 54	41418
(Accum Units)	5	340.2	340 2	362.3	1.54	41419
Japan	5	109 2	109 2	116 0	—	41420
(Accum Units)	5	110 0	110.0	116 9	—	41421
New Pacific	5	168.3	168.3	179 1	1.93	46365
(Accum Units)	5	172 8	172 8	183 9	1 93	47954
PEP Nov 20	5	142 2	144.2	152 7	3 46	47980
Mngd Equity	5	119 8	121.6	128 7	3 54	47986

Name	Bid Price	Offer Price	Yield Gross	City-line
Funds in Court*				
Capital Nov 14	496			
Gross Nov 14	185			
High Yield Nov 14	291			
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	50			
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P Folio	114			
Mngd Pens (Acc)	65.5			
Lazard Brothers & Co. Ltd				
Property Sept 9	[illegible]			
Inc Sch Prp Apr 16	[illegible]			
Lazard Investors Ltd				
Exempt Funds				
Small Co's Nov 20	[illegible]			
European Nov 20	[illegible]			
American Nov 20	[illegible]			
Japan Nov 20	[illegible]			
Pacific Nov 20	[illegible]			
W Midlands Sep 30	[illegible]			
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ				
Property Oct 31	193			
Equity Oct 31	296.			
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Nov 21				
(Accum Units)				
NAACIF Nov 19				
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity ♥ Nov 19	124			
UK Small Co ♥ Nov 19	541			
Fixed Interest ♥ Nov 19	109			
US Small Co Nov 19	156			
Managed Nov 19	107			

Guardian Royal Exchange — Royal Exchange, EC3 071-283 7101

Legal & General — Contd. — Unit Pensions — Kingswood, Surrey, KT20 6TH 0737 370370

Manulife Group — Contd. — Pension Fund Prices

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	Yield Gross	City-line

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	Yield Gross	City-line
Life Managed Fd	104.5	110.0	–	41924
Pension Managed Fd	102.9	108.3	–	41926
Life Deposit Fd	110.8	116.6	–	41923
Pension Deposit Fd	117.5	123.7	–	41925

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

Harvester Pension Funds

	Bid Price	Offer Price	Yield Gross	City-line
Managed	163.9	172.6	–	43041
UK Equity	171.9	181.0	–	43135
Overseas Equity	130.8	137.7	–	43136
Fixed Interest	155.5	163.7	–	43137
Property	129.2	136.0	–	43138
Index Linked	152.6	160.7	–	43139
Deposit	163.7	172.4	–	43140
With Profits (A)	134.2	141.4	–	44128

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	Yield Gross	City-line
Managed	345.9	364.2	–	43163
UK Equity	433.2	456.0	–	43164
Overseas Eq.	331.8	349.3	–	43165
American	277.3	291.9	–	43166
Far East	355.3	374.0	–	43167
Property	194.1	204.4	–	43168
Fixed Int	270.8	285.1	–	43169
Indexed Gilt	162.1	170.7	–	43170
Deposit	187.9	197.8	–	43171
With Profit	105.0	110.5	–	44771

Pension Fund (Accum Units)

Skandia Life Assurance Co Ltd – Contd.

Target Life Assurance Co Ltd–Contd.

Finexco International Ltd
PO Box 193 St Peter Port, Guernsey 0481 713100

Knight Williams & Company Ltd
161 New Bond Street London W1Y 0LA 071-408 1138

Lazard Fund Mngrs (Channel Islands) Ltd
PO Box 275 St Peter Port Guernsey C.I. 0481 710461

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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	Bid Price	Offer Price	Yield Gross	City-line
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$17 60	18.51	1 05	44759
Japan Tech	$58 14	61.09	–	44762
Japan Fund	$24 51	25.74	0 17	44763
Japan New Gen Fd	$18 65	19 59	–	44764
Malay Sing	$54 62	57.36	0 31	44765
Nth American	$21.71	22 80	0 58	47418
Octopus Fund	$22 27	23 39	0 88	44766
Pacific Fd	$62 60	65.73	–	44767
International Bond	$17 74	18 63	6 89	44769
Europa Fund	$13.53	14.21	–	47191
British Screen Fd	£0.92	0.97	–	47190
Trinity Warrants	$11 41	11.99	–	47419
Hong Kong	$33.18	35.04	3 09	44761
Mngd Portfolio (Stlg)	£4 05	4 37	–	47319
Mngd Portfolio (Dlr)	$10 22	10.79	–	47318
Currency Fd-Sterling	£19 69		–	44755
Currency Fd-US Dollar	$15 46		–	44754
Curr Fd-Deutschmark	DM40 86		–	44756
Curr Fd-Managed $	$45 90	48 19	–	44758
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Serv Series*	$1.00		4.79	40562
Investment Series*	$1 00		4 79	40563

*Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs (1600)F
Lord Street, Douglas, IoM 0624 661551

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
TSB Trust Funds – Contd.						
UK Equity	5	141.09	141.09	153.08	0 90	43672
International Equity	5	112.64	112.64	119 87	0.00	43049
Far Eastern	5	87 65	87.65	93.96	0 00	43461
European	5	80 81	80.81	85.61	0.00	43460
Pan American	5	143 62	143.62	152.31	0 00	43591
TSB Gilt Fund Ltd						
Quarterly Share	3	97 61	97 61	100 87	10.21	45833
Monthly Share	3	96.34	96.34	99.54	10.35	45834

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	Yield Gross	City-line
Barclays Intl Funds				
Currency Funds				
Sterling	£21 40		9 5	44718
US Dollar	$31.48		3.9	44719
Deutschmark	DM59 42		7 7	44720
Yen	Y4,055		5.0	44721
Managed Multicurrency	£13.10	13.57	–	44722
Managed Multicurrency	$25 27	26.16	–	44723
Bond Funds				
Sterling Bond	£0 405	0 420d	10.5	44724
US Government Income	$98 28	101 77d	6.7	44725
Asian Selection Funds				
Hong Kong	$13.350	14 053d	3.0	44544
Indonesia	$7.475	7 868d	2.5	44686
Korea	$10.342	10 886d	2.5	44687
Malaysia	$9 859	10.378d	0.5	44696
Philippines	$10 951	11.527d	2.5	44699
Singapore	$11.630	12.242d	1.0	44700
Thailand	$11.335	11.931d	2.5	44717
South East Asia	$11.033	11.614d	3.0	44716
US Dollar Liquidity	$9.956	10.034d	5.1	44875
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.47	6.76d	17 75	44830
CA Gilt & Futures	£999	1 050	7 62	44831
CA Equity Gwth	£4.18	4.55	3.30	44832
Citibank (CI) Ltd "Citifunds"				
Liquidity Funds				

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Uncertainty besets sterling and rates

THE money markets will face a certain amount of confusion this week as speculation grows over the future of German rates and the downwards trend of the pound.

For sterling, the outlook is increasingly uncertain. A raft of dismal economic indicators last week and the divisions likely to emerge in the Conservative Party after the Maastricht summit next month offer little encouragement.

Furthermore, the pressures of the forthcoming general election would appear to preclude a rise in UK interest rates, despite the fact that sterling is seeing a mass exodus.

"Everything is coming together for a potential sterling crisis," said Dr Mark Austin, treasury economist of the Hongkong Bank. "The question is, are the UK authorities prepared to let sterling fall to the floor and other ERM central banks come in to intervene? This will be a test of their credibility within the ERM."

Sterling may be the weakest currency, but it is not the only victim of the D-Mark's Rambo-like rise. The French sought safer waters by raising rates early last week. However, by Friday, even the franc was feeling the pull of the D-Mark.

The D-Mark does not hint at any relief in the immediate future, and talk is turning to a revaluation within the EMS at or before the Maastricht summit.

As long as anxiety is running at these levels, economists expect short rates to stay firm into next year. A cut in UK rates, if it is to come, is unlikely before March at the earliest – and a reluctant increase may be forced through before then.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

£ IN NEW YORK

Nov.22	Close	Previous Close
£ Spot	1.7930-1.7940	1.7910-1.7920
1 month	0.90-0.88pm	0.92-0.90pm
3 months	2.56-2.53pm	2.51-2.48pm
12 months	9.25-9.15pm	9.05-8.95pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.22	Previous
8.30 am	91.0	91.2
9.00 am	91.0	91.2
10.00 am	91.0	91.3
11.00 am	90.9	91.2
Noon	90.8	91.2
1.00 pm	90.7	91.2
2.00 pm	90.7	91.2
3.00 pm	90.8	91.2
4.00 pm	90.8	91.2

CURRENCY MOVEMENTS

Nov 22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.8	-20.6
U.S Dollar	62.6	-16.5
Canadian Dollar	104.8	+2.9
Austrian Schilling	110.4	+12.3
Belgian Franc	112.3	-1.5
Danish Krone	109.4	+3.3
D-Mark	119.6	+25.5
Swiss Franc	109.2	+17.4
Dutch Guilder	115.2	+16.6
French Franc	103.5	-12.8
Lira	98.8	-19.0
Yen	139.7	+74.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov 21

OTHER CURRENCIES

Nov 22	£	$
Argentina	17780.5 - 17818.2	9900.00 - 9910.00
Australia	2.2695 - 2.2715	1.2625 - 1.2635
Brazil	1392.80 - 1394.15	775.300 - 775.600
Finland	7.6915 - 7.7140	4.2570 - 4.2800
Greece	323.000 - 328.150	180.050 - 182.950
Hong Kong	13.9115 - 13.9845	7.7485 - 7.7505
Iran	117.00*	65.80*
Korea(Sth)	1340.30 - 1361.90	750.30 - 759.30

CURRENCY RATES

Nov 22	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.775824	0.714210
U.S Dollar	5.00	1.39082	1.28251
Canadian $	8.17	1.57956	1.46078
Austrian Sch	7.50	15.7163	14.3320
Belgian Franc	8.00	45.9944	41.9444
Danish Krone	9.50	8.67246	7.91756
D-Mark	7.50	2.23282	2.03611
Dutch Guilder	8.00	2.51516	2.29415
French Franc	10¼	7.62865	6.96017

POUND SPOT - FORWARD AGAINST THE POUND

Nov 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7915 - 1.7985	1.7975 - 1.7985	0.89-0.87cpm	5.87	2.53-2.50pm	5.60
Canada	2.0350 - 2.0475	2.0445 - 2.0455	0.55-0.46cpm	2.96	1.50-1.40pm	2.84
Netherlands	3.2075 - 3.2300	3.2075 - 3.2175	½-¼cpm	1.17	¾-½pm	0.93
Belgium	58.60 - 59.10	58.75 - 58.85	8-4cpm	1.22	15-10pm	0.85
Denmark	11.0825 - 11.1525	11.0925 - 11.1025	1½-¾orepm	1.22	3½-2pm	0.92
Ireland	1.0690 - 1.0740	1.0700 - 1.0710	0.01-0.05cdis	-0.34	0.05-0.15dis	-0.37
Germany	2.8475 - 2.8650	2.8475 - 2.8525	½-¼pfpm	1.32	¾-½pm	0.96
Portugal	251.00 - 253.25	251.50 - 252.50	34-61cdis	-2.26	40-150dis	-1.51
Spain	181.80 - 183.00	182.30 - 182.60	26-46cdis	-2.37	80-110dis	-2.08
Italy	2154.75 - 2168.50	2156.25 - 2157.25	2-3liredis	-1.39	5-7dis	-1.11
Norway	11.2200 - 11.2925	11.2325 - 11.2425	½orepm-par	0.27	1¼-¾pm	0.27
France	9.7400 - 9.7900	9.7400 - 9.7500	⅝-⅜cpm	0.62	1⅞-1⅝pm	0.69
Sweden	10.4390 - 10.4950	10.4400 - 10.4500	⅛-⅜oredis	-0.29	par-⅛dis	-0.14
Japan	232.25 - 233.25	232.25 - 233.25	⅞-¾ypm	4.19	2⅝-2½pm	4.40
Austria	20.05 - 20.17	20.06 - 20.09	2½-1½gropm	1.16	6-3pm	0.90
Switzerland	2.5325 - 2.5500	2.5325 - 2.5425	⅝-½cpm	2.66	1⅝-1½pm	2.36
Ecu	1.4010 - 1.4080	1.4055 - 1.4065	0.10-0.02cpm	0.51	0.19-0.09pm	0.38

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.93-4.88cpm . 12 Month 9.25-9.15cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7915 - 1.7985	1.7975 - 1.7985	0.89-0.87cpm	5.87	2.53-2.50pm	5.60
Ireland†	1.6700 - 1.6835	1.6820 - 1.6830	0.86-0.81cpm	5.96	2.20-2.10pm	5.11
Canada	1.1350 - 1.1390	1.1375 - 1.1385	0.26-0.29cdis	-2.90	0.71-0.77dis	-2.60
Netherlands	1.7815 - 1.8005	1.7860 - 1.7870	0.70-0.73cdis	-4.80	2.06-2.10dis	-4.66
Belgium	32.65 - 32.90	32.65 - 32.75	11.00-13.00cdis	-4.40	35.00-39.00dis	-4.53
Denmark	6.1700 - 6.2100	6.1700 - 6.1750	2.35-2.65oredis	-4.86	6.75-7.35dis	-4.57
Germany	1.5845 - 1.6000	1.5850 - 1.5860	0.60-0.61pfdis	-4.58	1.83-1.85dis	-4.64
Portugal	140.30 - 141.00	140.50 - 140.60	80-90cdis	-7.26	253-273dis	-7.48
Spain	101.40 - 102.00	101.60 - 101.70	68-72cdis	-8.26	195-203dis	-7.83
Italy	1199.00 - 1207.75	1199.25 - 1199.75	6.90-7.40liredis	-7.15	19.50-20.30dis	-6.64
Norway	6.2450 - 6.2875	6.2475 - 6.2525	2.80-3.10oredis	-5.66	8.05-8.55dis	-5.31
France	5.4150 - 5.4625	5.4175 - 5.4225	2.35-2.41cdis	-5.27	6.68-6.78dis	-4.97
Sweden	5.8000 - 5.8450	5.8075 - 5.8125	2.95-3.20oredis	-6.35	8.15-8.60dis	-5.77
Japan	129.35 - 130.00	129.45 - 129.55	0.15-0.16ydis	-1.44	0.39-0.41dis	-1.24
Austria	11.1750 - 11.2450	11.1775 - 11.1825	4.25-4.65groedis	-4.79	12.40-13.70dis	-4.68
Switzerland	1.4075 - 1.4225	1.4105 - 1.4115	0.37-0.40cdis	-3.27	1.12-1.18dis	-3.26
Ecu	1.2735 - 1.2835	1.2810 - 1.2820	0.59-0.54cpm	5.29	1.68-1.61pm	5.13

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Nov.22	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.798	2.850	232.7	9.745	2.537	3.212	2157	2.045	58.80	1.406
$	0.556	1	1.585	129.4	5.420	1.411	1.786	1200	1.137	32.70	0.782
DM	0.351	0.631	1	81.65	3.419	0.890	1.127	756.8	0.718	20.63	0.493
YEN	4.297	7.727	12.25	1000.	41.88	10.90	13.80	9269	8.788	252.7	6.042
F Fr.	1.026	1.845	2.925	238.8	10.	2.603	3.296	2213	2.099	60.34	1.443
S Fr.	0.394	0.709	1.123	91.72	3.841	1	1.266	850.2	0.806	23.18	0.554
N Fl.	0.311	0.560	0.887	72.45	3.034	0.790	1	671.5	0.637	18.31	0.438
Lira	0.464	0.834	1.321	107.9	4.518	1.176	1.489	1000.	0.948	27.26	0.652
C $	0.489	0.879	1.394	113.8	4.765	1.241	1.571	1055	1	28.75	0.688
B Fr.	1.701	3.058	4.847	395.7	16.57	4.315	5.463	3668	3.478	100.	2.391
Ecu	0.711	1.279	2.027	165.5	6.931	1.804	2.284	1534	1.454	41.82	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Nov 22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]						

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

Treasury Bills (sell): one-month 10⅛ per cent; three months 10⅛ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 10⅛ per cent; Treasury Bills; Average tender rate of discount 10.1662 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31 ,1991 , Agreed rates for period Nov.26, 1991 to December 24 , 1991, Scheme I: 11.68 p.c., Schemes II & III: 11.68 p.c. Reference rate for period October 1, 1991 to October 31 , 1991, Scheme IV&V: 10.447 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from November 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991 , Deposits withdrawn for cash 5 per cent.

CHICAGO

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
1.675	14.75	12.25	12.38	12.25	0.02	0.17	0.73	1.22
1.700	9.85	9.85	9.87	9.90	0.04	0.43	1.20	1.76
1.725	7.35	7.49	7.69	7.95	0.22	0.85	1.86	2.53
1.750	5.00	5.45	5.83	6.18	0.47	1.50	2.68	3.45
1.775	3.04	3.76	4.32	4.70	1.12	2.43	2.88	4.63
1.800	0.79	2.51	3.12	3.53	2.20	3.67	3.79	6.07
1.825	0.30	1.58	2.18	2.58	3.86	5.28	5.20	7.64

Previous day's open int: Calls N/A Puts N/A (All currencies)
Previous day's volume: Calls N/A Puts N/A (All currencies)

LONDON RECENT ISSUES

FIXED INTEREST STOCKS

RIGHTS OFFERS

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	Fri Nov 22 1991: US Dollar Index	% chg ($) since 31/12/90	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/90	Gross Div. Yield	Thu Nov 21 1991: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar Index: 1991 High	1991 Low	Year ago (approx)
Australia (69)	156.21	+32.3	128.81	127.87	128.77	131.23	+28.9	4.47	156.59	129.15	128.18	129.89	131.64	160.31	112.74	124.46
Austria (20)	176.49	-10.2	145.53	144.48	145.48	145.70	-4.8	1.97	175.31	144.60	143.51	145.42	145.70	222.37	153.86	199.93
Belgium (47)	137.45	+4.0	113.34	112.51	113.30	110.84	+9.8	5.34	136.47	112.56	111.70	113.20	110.72	151.20	118.04	137.99
Canada (115)	137.56	+5.8	113.43	112.60	113.38	113.35	+3.7	3.28	139.19	114.81	113.93	115.45	114.50	144.28	126.49	124.95
Denmark (37)	262.59	+12.9	216.52	214.96	216.45	220.45	+20.6	1.82	260.92	215.21	213.59	216.43	220.55	270.56	217.74	247.39
Finland (15)	79.76	-22.7	65.77	65.29	65.75	71.45	-8.9	3.41	81.87	67.53	67.02	67.91	74.18	125.15	79.76	104.25
France (109)	141.73	+7.6	116.87	116.01	116.82	120.50	+14.6	3.69	142.73	117.72	116.83	118.38	122.07	152.26	119.11	140.78
Germany (65)	115.26	+3.0	95.04	94.36	95.00	95.00	+9.2	2.43	114.18	94.18	93.48	94.71	94.71	125.35	94.15	119.51
Hong Kong (55)	175.57	+44.1	144.77	143.72	144.73	174.68	+43.2	4.25	175.03	144.37	143.28	145.20	174.21	176.14	119.62	122.79
Ireland (18)	162.35	+9.4	133.87	132.90	133.83	135.97	+15.5	3.88	161.74	133.40	132.40	134.16	136.26	182.46	132.88	151.06
Italy (77)	71.64	-8.5	59.07	58.64	59.05	64.17	-2.7	3.61	71.80	59.06	58.61	59.39	64.53	88.23	64.76	79.75
Japan (474)	134.69	+7.9	111.06	110.25	111.04	110.25	+8.1	0.77	134.41	110.87	110.03	111.51	110.03	148.97	118.23	129.49
Malaysia (68)	207.18	-2.4	170.79	169.55	170.73	218.34	-1.1	2.86	206.10	169.99	168.70	170.95	217.33	247.78	189.18	195.86
Mexico (17)	1330.21	+127.8	1096.86	1088.90	1096.49	4451.87	+135.9	1.15	1302.06	1073.96	1065.86	1080.06	4357.66	1404.63	534.45	562.76
Netherland (31)	148.26	+10.7	122.25	121.36	122.21	120.88	+17.2	4.46	147.23	121.43	120.52	122.13	120.82	148.25	125.70	134.49
New Zealand (14)	48.93	+12.7	40.35	40.06	40.38	45.77	+16.7	6.07	48.12	39.69	39.40	39.92	45.03	54.84	41.16	49.67
Norway (30)	181.25	-11.3	149.45	148.37	149.41	153.76	-5.7	1.88	178.11	146.90	145.80	147.74	151.94	223.24	173.29	214.35
Singapore (38)	208.84	+31.1	172.20	170.95	172.14	169.85	+25.3	2.18	207.70	171.32	170.03	172.29	169.18	213.93	151.63	158.94
South Africa (61)	270.26	+47.8	222.85	221.23	222.77	178.20	+30.8	2.75	263.96	217.72	216.07	218.95	174.58	270.26	173.00	174.49
Spain (53)	148.13	+5.6	122.14	121.26	122.10	114.07	+12.3	4.82	148.76	122.69	121.77	123.39	114.27	171.12	131.61	146.97
Sweden (25)	170.73	+7.1	140.78	139.76	140.73	146.84	+10.6	3.04	173.57	143.16	142.08	143.98	149.93	204.12	146.60	155.79
Switzerland (59)	96.48	+8.5	79.56	78.98	79.54	84.40	+20.1	2.40	97.01	80.01	79.41	80.46	85.26	100.67	82.17	89.66
United Kingdom (240)	176.11	+8.3	145.22	144.15	145.16	145.22	+14.1	5.13	177.35	146.28	145.17	147.10	146.28	187.44	156.27	170.76
USA (526)	153.07	+14.8	126.22	125.31	126.16	153.07	+14.8	3.17	154.62	127.53	126.57	128.26	154.62	161.59	125.95	127.20
Europe (826)	141.36	+5.1	116.56	115.72	116.53	117.30	+12.4	4.11	141.70	116.88	116.00	117.55	117.96	151.62	125.80	139.67
Nordic (107)	178.55	+6.5	147.23	146.16	147.18	146.27	+12.3	2.21	178.89	147.54	146.43	148.39	147.40	200.81	155.55	171.88
Pacific Basin (718)	136.19	+9.7	112.30	111.49	112.26	112.47	+5.1	1.11	135.92	112.11	111.26	112.75	112.25	145.92	117.88	126.75
Euro-Pacific (1544)	138.59	+7.7	114.27	113.44	114.23	115.18	+8.0	2.39	138.56	114.28	113.41	114.93	115.31	147.86	121.29	133.65
North America (641)	152.03	+14.3	125.36	124.46	125.34	150.39	+14.2	3.16	153.58	126.67	125.73	127.42	151.91	160.44	125.91	126.97
Europe Ex. UK (586)	120.42	+4.3	99.30	98.60	99.29	101.20	+11.2	3.36	120.31	99.23	98.50	99.81	101.63	129.80	103.58	120.59
Pacific Ex. Japan (244)	151.04	+30.4	124.54	123.66	124.51	133.13	+29.5	4.09	150.77	124.36	123.44	125.08	132.97	153.19	111.40	119.39
World Ex. US (1737)	140.70	+8.6	116.02	115.19	115.98	116.66	+8.7	2.38	140.63	115.99	115.13	116.66	116.95	148.16	122.32	133.91
World Ex. UK (2023)	140.74	+11.4	116.05	115.22	116.03	126.49	+10.7	2.88	141.15	116.42	115.55	117.09	126.96	148.16	120.06	126.82
World Ex. So. Af. (2202)	142.97	+10.4	117.89	117.04	117.86	127.83	+10.7	2.65	143.50	118.36	117.47	119.04	128.40	148.68	122.92	130.27
World Ex. Japan (1789)	150.03	+12.2	123.71	122.83	123.69	138.15	+15.0	3.54	150.91	124.47	123.54	125.20	139.12	155.59	126.89	132.38
The World Index (2283)	143.82	+10.8	118.59	117.74	118.56	128.26	+11.0	2.86	144.30	119.02	118.13	119.71	128.81	149.37	123.28	130.64

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 122.22 (Local).
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Constituent changes during the week ending 22/11/91: Name change: Ampol Expln. to Ampolex (Australia).

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

FINANCIAL TIMES STOCK INDICES

	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 15	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.88	86.48	86.72	86.72	86.83	86.90	87.94	82.17	127.4	49.18
Fixed Interest	95.66	96.20	96.39	96.40	96.49	96.54	97.17	90.59	105.4	50.53
Ordinary	1866.8	1888.9	1898.2	1887.8	1914.9	1948.6	2108.3	1606.3	2108.3	49.4
Gold Mines	169.0	157.8	156.5	153.2	151.9	149.8	222.8	127.0	734.7	43.5
FT Act All-Share	1182.51	1190.69	1194.77	1190.42	1208.01	1228.71	1284.07	987.46	1284.07	61.92
FT-SE 100	2446.3	2463.5	2472.6	2463.1	2502.9	2546.6	2679.6	2054.8	2679.6	986.9
FT-SE Eurotrack 100	1066.84	1071.97	1076.00	1075.11	1084.16	1109.27	1165.54	900.45	1165.54	900.45
FT-SE Eurotrack 200	1113.89	1119.14	1124.02†	1122.47	1134.49	1161.16	1198.60	938.62	1198.60	938.62

† Partial.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
1,350	Treas. 8pc 1991	99⅞xd	......	4.11	10Jun 10Dec	1335
775	Treas 12¾pc 1992‡‡	100¼	-0.1	17.6	22Jul 22Jan	1297
1,600	Treas 10pc 1992	99⅞	-0.1	15.7	21Aug 21Feb	1289
650	Treas. 2pc IL 1992‡‡	134⅛	......	19.8	23Mar 23Sep	1312
1,550	Treas. 8pc 1992 ‡‡	99⅛	-0.1	6.9	Oct13 Apr13	1337
1,288	Treas 10½pc Cv 1992‡‡	100⅟₁₆	-0.2	1.10	Nov7 May7	1289
500	Treas. 3pc 1992	97¼xd	-0.1	4.11	Dec11 Jun11	1328
1,350	Exch. 12¼pc '92	101⅞	-0.3	19.7	Feb25Aug25	1265
1,757	Exch 13½pc 1992	102½	-0.4	16.8	Mar22Sep22	1266
800	Treas 8¾pc 1993	98¼	-0.3	12.7	Aug18Feb18	5047

BRITISH FUNDS—Contd

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
1,620	Treas. 11¾pc 2001-04	108¼xd	-1.6	13.8	19Sep 19Mar	1290
443	Funding 3½pc '99-04	59⅞	-2.1	7.6	14Jan 14Jul	1274
1,512	Conversion 9½pc 2004	97¼	-1.7	18.9	25Apr 25Oct	1246
1,500	Cv 9½pc 2004 A	97¼	-1.5		25Apr25Oct	-
3,192	Conversion 9½pc 2005	97⅜	-1.6	11.9	18Oct 18Apr	1247
2,200	Treas. 12½pc 2003-05	117⅞	-1.6	15.10	21May 21Nov	1295
2,800	Treas. 8pc 2002-06‡‡	85⅞	-1.8	2.9	5Apr 5Oct	1334

Over Fifteen Years

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
3,150	Treas. 11¾pc 2003-07	111⅞	-1.6	17.6	22Jul 22Jan	1293

Undated

Five to Fifteen Years

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
3,075	Treas 9¾pc 2002	99	-1.7	22.7	27Feb 27Aug	1349
1,703	Treas 10pc 2003	100⅞	-1.7	2.8	8Mar 8Sep	1281

Index-Linked

... of RPI to 100 in January 1987. Conversion factor 3.945. RPI for March 1991: 131.4 and for October 1991: 135.1.

INT. BANK AND O'SEAS

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
50	African Dv Bk 11¼ Ln 2010	103⅞	-2.0	1.12	4 Jan 4 Jun	-
100	Asian Dev Bk 10⅛ pcLn 2009	99⅞	-1.7	28 3	24Mar 24Sep	-
75	Int-Am Dev Bk 12½pc 2003	112⅞	-1.7	7.12	8Jan 8Jul	-
175	Do. 9¾pc Ln 2015	94⅛	-2.1	13.10	15 May 15 Nov	-
50	Int Bk Recon Stee 16½pc 2008	123¼	-0.6	28 1	1Mar 1Sep	-

CORPORATION LOANS

Amount £m	Stock	Price £	Wk % change	Last xd	Interest Due	City-line
45	Birmingham 11½pc 2012	103½	-1.7	17.4	May Nov	1837
40	GLC 6¾pc 1990-92	98⅞	.....	16.7	15Feb 15Aug	2647
40	Leeds 13½pc 2006	115⅞	-1.5	12.3	1Apr 10Oct	3146

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline, call 0836 43 + four digit code. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Share Code Booklet call 071-925-2128.

AMERICANS

Market Cap. £m	Stock	Price £	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
15,984.3	Abbott Laboratories	32¼xd	-5.4	1.7	9.10	FeMyAuNv	1503
117.4	Allegheny & W 1c	226p	......	7.5	–	–	–
794.4	Amdahl 5c	717pxd	-14.4	0.8	31.1	NvMrJeAu	–
2,982.8	Amer. Cyanamid $5	31⅝	-8.3	2.6	27.2	MrJeSeDe	–
4,904.9	Amer. Express 60c	10⅝xd	-5.6	5.4	1.10	FeMyAuNv	1594
26,989.1	American T & T $1	20⅝xd	-4.3	3.6	27.3	FeMyAuNv	1597
14,667.5	Ameritech $1	33½	-6.0	5.7	28.3	FeMyAuNv	–
4,239.5	BankAmerica $1⅛	19½xd	-9.2	3.5	19.11	FeMySeDe	1744
2,771.3	Bankers N.Y. $1	34xd	-10.7	8.0	27.9	ApJyOcJa	1745
9,979.2	Bell Atlantic $1	25½xd	-2.9	5.6	4.7	FeMyAuNv	–
12,823.3	BellSouth Corp	26⅛	-4.3	5.9	5.4	FeMyAuNv	–
523.6	Bethlehem Steel $8	6⅝xd	-14.1	3.3	6.2	MrJeSeDe	1821
397.3	Bowater Inc	1108p	-8.0	6.1	6.6	OcJaApJy	1884
3,401.5	CPC Intnl. 25c	45xd	-4.9	2.5	25.9	JaApJlyOc	2263
150.9	California Engy	829p	-9.1	–	–	–	–
5,382.4	Campbell Soup 15c	42⅛xd	-7.5	1.9	4.1	OcJaApJy	2050
1,245.3	Chase Manhattan $12½	9⅛	-8.1	7.4	30.10	FeMyAuNv	2109
1,933.3	Chrysler $6¼	6⅝xd	-4.4	5.1	11.9	ApJyOcDe	2135
2,099.6	Citicorp $1	5⅝xd	-5.0	–	23.10	–	2141
3,256.2	Colgate-Palmolive $1	22⅞xd	-4.7	2.6	22.10	FeMyAuNv	2184
520.4	Cont'l Bank Corp $4	515p	-8.7	6.5	31.5	DeMrJeSe	–
629.3	Dana Corp. $1	15⅜xd	1.2	5.9	27.8	MrJeSeDe	2306
223.0	Data General	804p	-9.7	–	–	–	–
957.9	Dow Crop $1.5	24¼xd	-1.5	3.2	28.5	JaApJyOc	2778
4,792.1	Dun & Bradstreet $1	26⅜	-6.4	4.6	13.2	MrJeSeDe	–
1,089.5	Eaton Corpn. 50c	32⅛	-5.4	3.9	2.2	–	2410
347.2	Ecolab Inc	6⅜xd	-10.0	6.4	1.7	JaApJyOc	3046
1,152.5	FPL Group 1c	19⅝xd	-1.0	6.9	27.8	MrJeSeDe	–
1,837.9	Fluor Corp 62½pc	20½xd	-5.5	0.9	19.9	JaApJyOc	2609
6,998.0	Ford Motor $1	13⅛xd	-3.9	4.0	29.10	MrJeSeDe	2615
32,307.8	Gen. Elect. 63c	37⅝xd	-4.7	3.1	23.9	JaApJyOc	2675
–	General Host Corp $1	398p	-1.0	5.2	13.12	–	–
5,220.5	Gillette $1	23⅞xd	-6.8	1.5	24.5	MrJeSeDe	2695
1,083.8	Hasbro Inc 50c	19	-7.3	0.7	1.8	JaApJyOc	–
2,257.5	Honeywell $1½	32⅛xd	-6.4	2.9	27.8	MrJeSeDe	2919
2,852.8	Houston Inds.	22⅛	-1.1	7.5	10.11	MrJeSeDe	–
30,394.8	IBM Corpn $1¼	53⅛xd	-5.1	5.1	5.5	MrJeSeDe	2986
1,392.1	Ingersoll-Rand $2	26⅞xd	-7.7	2.8	18.11	MrJeSeDe	2979
1,502.3	Lockheed Corp. $1	25⅞xd	-9.1	4.7	15.2	MrJeSeDe	–

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

● Latest Share Prices are available on ... cheap rate and 48p/minute ... 38p/minute ... 1-925-2128.

LEISURE – Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUSTS

INVESTMENT TRUSTS – Contd

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

FINANCE, LAND, ETC – Contd

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

MINES – Contd

Australians

Tins

Miscellaneous

Stock		Price	+or-	Net	Cvr	Gr's	Dividends Paid	City-line
0.93 Kells Min. Ir5p	γ	38	-5.0	–	–		–	3741
6.72 Kenmare Ir5p	γ	7½	-6.7	–	–		–	1453
0.98 Navan Resources	γ	18	-10.0	–	–		–	1185
6.18 Northgate Expl C$1		49	-2.0	–	10.77		–	–
1.69 North West Exp		5		–	–		–	–
– Oryx Gold Hldgs		108	-7.7	–	–		–	3686
0.77 Ovoca Gold IR 2p	γ	11		–	–		–	1470
2.99 Plateau Mining 20p	β	14	-11.1	–	–		–	3407
5,164.5 RTZ 10p	α	518	-1.5	5.0	16.9		Dec Jul	3880
– Thorco Res Inc		7½		–	–		–	–
1.34 Vizcaya Hldgs 5p	β	2½		–	–		–	4193
12.1 Westrn & Pac Res		22	-12.0	–	–		–	–
10.1 Young Group 10p	β	108	-2.7	6.4	2.9		May Oct	5080

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares γ Gamma refers to other traded instruments

Unless otherwise indicated, prices are in pence and denominations are 25p. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- †† Not officially listed.
- # Price at time of suspension
- § Not comparable
- ¶ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock c Cents. e Redemption yield f Flat yield k Kenya. C Canadian. E Minimum tender price.

Abbreviations: xd ex dividend; xc ex scrip issue. xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock		Price	+or-
Craig & Rose £1	β	625xd	-1.6
Finlay Pkg. 5p	α	45	....
Holt (Jos) 25p	β	2040	..
Helton Hldgs	γ	35	..

IRISH

Stock	Price	+or-
Cap. 8¼% Ln 2010	£95¼	-0.5
9pc Cap Ln. 1996	£98⅛	-0.4
Fin 13% 97/02	£114½	....
Arnotts	180xd	....
IRG	123¼	....
United Drug	163	-4

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	58
Amstrad	6
Astec (BSR)	5
BAT	53
BOC Grp	48
BTR	33
Barclays	34
Blue Circle	28
Boots	33
Bowaters	55
Brit Aerospace	35
British Steel	10
Brit. Telecom	33
Cadburys	36
Charter Cons	42
Comm Union	40
Courtaulds	38
Eurotunnel	30
FKI	5
FNFC	18
Forte	21
Gen Accident	43
GEC	16
Glaxo	110
Grand Met	67
Guardian	14
GKN	28
Hanson	17
Hawker Sidd	55
ICI	95
Ladbroke	23
Legal & Gen	33
Lex Service	16
Lloyds Bank	30
Lucas Inds	12
Marks & Spencer	21
Midland Bk	20
Nat West Bk	26
P & O Dfd	41
Racal Elect	6
RHM	23
Rank Org Ord	55
Ratners	12
Reed Intnl	35
Sears	8½
SmKl Beecham A	53
TI	39
TSB	11
Tesco	21
Thorn EMI	65
T&N	14
Unilever	60
Vickers	16
Wellcome	60

Property

Brit Land	27
Control Secs	2
Land Securities	41
MEPC	42
Mountleigh	4

Oils

Aviva Petlm	3
Brit Petroleum	26
Burmah Castrol	47
Conroy Petlm	8
Gaelic Res	1
Premier	4
Shell	40
Tuskar Res	1
Ultramar	28

Mines

Lonrho	28
RTZ	46

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

4:00 pm prices November 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16¾	9¼	AAR Corp	0.48	3.9	16	844	13	11⅞	12¼	-½
22⅞	14½	A L Labs A	0.16	0.7	24	249	22¼	22	22	-¼
65¾	40⅞	AMP Inc	1.44	2.8	20	474	52¼	50⅞	51⅛	-½
68⅝	44¼	AMR				112613	60	57	59¼	-⅝
2⅝	1	ARX			1	67	1⅛	1⅛	1⅛	
66	41½	ASA x	3.00	5.8	15	1025	51½	48	51½	+1¼
61⅛	38¼	Abbott Lab	1.00	1.7	23	3671	59	57⅞	58⅛	-⅛
14⅞	9⅞	Abitibi Pr	0.44	3.2	18	39	13½	13⅜	13½	+⅛
11⅝	10⅞	ACM Gvt In x	1.26	11.4		400	11	10⅞	11	
9⅞	8⅞	ACM GvOpp x	1.01	10.5		198	9⅝	9½	9⅝	
9½	8¼	ACM Gvt Sp	1.01	10.9		231	9¼	9⅛	9¼	+⅛
11	9⅞	ACM Gvt Se x	1.26	11.8		384	10⅝	10½	10⅝	
9	7⅞	ACM Man x	1.01	11.7		192	8⅝	8½	8⅝	-⅛
12⅞	11½	ACM Mangd x	1.35	11.0		314	12⅜	12⅛	12¼	-⅛
7½	4⅛	Acme Cleve	0.40	6.7	16	257	6⅛	5⅞	6	-⅛
6	3⅞	Acme Elect			3	51	4⅛	4⅛	4⅞	-⅛
40	22¼	Acuson			20	751	34	31¾	32	-1⅞
20¼	14¼	Adams Exp x	5.08	27.6	0	56	18¾	18¼	18⅜	+⅛
20⅛	17½	Adobe12Pf	2.40	12.7		z100	18⅞	18⅞	18⅞	
9¼	6⅞	Adobe Res			10	127	7	6¾	6⅞	-⅛
38⅞	18	Ad Micro x				289	37	36	37	-⅛
14¼	4⅞	Ad Micro P	3.00	21.6	69	6490	13⅞	12⅞	13⅞	+⅞
5⅛	2¼	Advest Grp	0.16	3.9	5	174	4¼	4⅛	4⅛	-⅛
49⅛	31⅞	Aetna Lf	2.76	7.4	7	2547	38⅛	36¾	37	-⅞
10⅝	6⅝	AGBI A x	0.24	3.6	72	1723	8⅛	8	8	-⅛

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4:00 pm prices November 22

- X - Y - Z -

Xilinx		26	3445	25¼	24¼	25¼	+½
XL Data		31	743	11	10½	10½	-½
Xoma Corp		41	3973	18¼	17¼	17⅝	-⅞
Yellow Fr	0.94	85	807	26⅝	d25½	25¾	-¼
York Rsch		60	3644	7¾	7	7¼	+½
ZionsUtah	1.44	9	2	45¼	44	44	

AMEX COMPOSITE PRICES

4:00 pm prices November 22

MONDAY INTERVIEW

Knife out for a fair deal

Ray MacSharry, EC agriculture commissioner, speaks to **David Gardner**

Ray MacSharry, the EC's Irish agriculture commissioner, is riding high at the moment, though sometimes the ride must seem more like a rollercoaster.

The Irish farm lobby has been trying to crucify him for most of this year, labelling him "the second Cromwell" for the devastation they say his reform of the Common Agricultural Policy will wreak across rural Ireland.

The Cromwell barb cut about as close to the bone as you can reach in a country where history often seems only days away, and obviously pained him. But there is no reason to doubt his assertion that "the more severe the abuse gets, the better I like it. Then you know, by God, that you're having an impact."

Yet now the Irish media is building up this combative former finance minister as the Prince across the Water – the logical successor to Mr Charles Haughey, whose grip on the Irish government and the Fianna Fail party, is slipping. And after a year of dogged battling against the originally unanimous hostility of EC agriculture ministers and farm lobbies, he is close to achieving the most radical reform of the CAP in its 30-year history. This reform probably stands a better-than-even chance of helping unlock a deal in the five-year-old Uruguay Round to liberalise new swathes of world trade, including – for the first time – agriculture.

It was in the Hague on November 9 that Mr MacSharry is reputed to have remarked in his rather unexpansive way that "two pieces of history could be in the making today".

The first was the possibility of a breakthrough in the General Agreement on Tariffs and Trade (Gatt) negotiations on the Uruguay Round. These have been blocked since last December by the farm trade dispute between the EC and the US, whose leaders had now assembled to give Mr MacSharry and his US counterpart, Mr Ed Madigan, the Irish-American agriculture secretary, the political umbrella they needed to get down to realistic horse-trading. The second was Mr Haughey's crafty defeat of a no-confidence motion in his leadership. This, many Irish pundits assume, could allow the Taoiseach to hang on until Mr MacSharry can withdraw from Brussels, get himself a Dail seat, and position himself to take over.

He categorically denies any interest. "It is not my intention, nor has it been my intention, to go back into political life," Mr MacSharry insists.

It's not practical, anyway: "Nobody has ever moved out and got back in again; there's always 20 fellows looking for your place. You would be competing for a vacancy which doesn't exist. My family would be happier if I didn't go back in. I intend to be here for the next 12 months, and I'm looking forward to two weeks' of high fling before I leave."

It is hard to disbelieve him. He does not appear to be, say, in a Mario Cuomo position of Hamlet-like reverie on whether to run. Yet he is far too canny a politician to offer himself as a target by declaring now.

He also expresses genuine distaste for the current scandal- and conspiracy-driven turn of Irish politics. There are problems in all the parties, he says. "What all the politicians have to do now is give a lead, and stop the name-calling," he says. "They've got to the point where they're eating themselves up, and the people are spitting them out. People expect them to deal with the real problems."

Mr MacSharry has a well-earned reputation for not shirking what he believes to be the real problems.

As finance minister and deputy prime minister, or Tanaiste, in the short-lived, chaotic Haughey administration of 1982, he started attacking the spiralling budget deficit and public debt through a fiscally rigorous plan called The Way Forward. One Irish politician said it was then that "MacSharry showed his nerve, and has never lost it since. He caused the general election in November." Six month's earlier, the people of Sligo lit bonfires to hail Mr MacSharry's elevation, but Fianna Fail was turned out of office.

On his return to the finance ministry in 1987 – after three years in Strasbourg at the European Parliament – he merely updated his strategy and cut 2.6 per cent of gross domestic product off government borrowing in nine months. And he kept on cutting, saving Ireland from a debt crisis but earning his best-known nickname, Mac the Knife, as well as less flattering sobriquets.

"You don't have to do U-turns if you work for MacSharry," says one of his current staff. The EC agriculture ministers would no doubt bear this out. Four times in the past year he has faced them down.

When his plans for CAP reform leaked in January they provoked the wrath of big farming and ridicule from ministers. The plan contemplates huge cuts in subsidised prices. Full compensation would be paid direct to the farmer, contingent on medium to large farms taking land out of production, for which the bigger farmers would not be compensated. The idea is to level food mountains while ensuring farmers a decent living.

"A euthanasia plan," boomed the Dutch farmers' union. "A museum plan," sniped UK farm minister John Gummer, which would "create a tourist attraction for those who want to look at Marie Antoinette's agriculture." A common jibe was that Mr MacSharry wanted to "Sligo-ise" European agriculture by favouring small farmers.

Mr MacSharry kept his nerve, and by October, when the French caved in, all member states had accepted the thrust of the plan. Earlier, at the preliminary skirmish of the annual price-fixing, when ministers sought to break budget limits, he defeated an attempt by Mr Jacques Delors, the Commission president, to back them. He then made clear he would go over the farm council's head if they would not make up their minds. "You can sit here till Doomsday," officials quote him as saying, "but the Commission is not going to budge." He recently adopted similar tactics to get agreement on an oilseeds package required to comply with a Gatt ruling, but designed as a preliminary slice of the CAP reform programme.

On the Gatt talks, after eight marathon farm councils last autumn, he wrenched from ministers the 30 per cent cut in farm subsidies offered and rejected within the Uruguay Round. "He was out on his own there at the beginning," says one Commission official. But this is now the rough area in which the US is negotiating, having demanded about double these cuts in real terms.

"You're wasting your time," Mr MacSharry says he told Mr Madigan just over two weeks ago. Although the agreement so far attained looks in danger of unravelling, on the numbers at least, President Bush appears to have concurred at the Hague meeting.

There is more to the commissioner from Sligo than strong nerve and intransigence. "The first thing I do when I go into a negotiation is put myself in the other fellow's seat," he explains – a tactic certainly reasonable, seemingly effective and, one suspects, rather unnerving. He studies his opponents with forensic care.

He knows his brief and has a capacious memory – preserved perhaps by his life-long tee-totalism. "He is a man with that rare political attribute of not speaking until he knows what he is talking about," Dublin's Sunday Tribune wrote in a warts-and-all profile just before he came to Brussels.

He took his time, listened to the boffins, and sat back: "I knew we had problems from 10 years ago as agriculture minister. The question was how could we devise a system for 10 to 15 years, which we wouldn't have to be adjusting every two years." He saw it as a debt to farmers run up by history, especially by recent CAP history of breathtaking profligacy, though he grudgingly acknowledges that Gatt provided an external stimulus.

On CAP reform he is emphatic that "there'll be no dilution". The Uruguay Round he still thinks "may be soluble", but he is sitting tight on his list of demands.

Mr MacSharry is confident he is getting a fair deal for the Irish, but also for other EC farmers. He tends to see Ireland as a single rather than partitioned island – as the EC does more and more through its regional policy – but through the prism of economic development rather than the fog of nationalist-unionist rhetoric. "My approach on the development of any policy is that regions which are similar should be treated in a similar way. And north and south are similar," he says, with just a hint of suppressed passion.

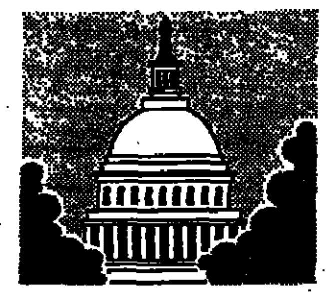
"This is still an economic community, and we're not talking about changing borders, we're talking about bringing down frontiers."

'We're talking about bringing down frontiers'

PERSONAL FILE

- **1938** Born in Sligo.
- **1967** Member of Sligo County Council after period as farmer and road haulier.
- **1969** Fianna Fail member for Sligo-Leitrim in Dail Eireann.
- **1977-79** Minister of state for Finance.
- **1982 Mar-Nov** Finance minister and deputy Prime Minister.
- **1984-87** Member of European Parliament.
- **1987-88** Finance minister.
- **1989** EC commissioner for *agriculture and rural development*.

The siren call of tax cuts



MICHAEL PROWSE
on America

Cut capital gains taxes. Resurrect the investment tax credit. Reduce income taxes for working families. Create new child tax credits. Give tax relief to consumers who buy American cars. The list of proposed tax cuts is growing longer and wackier.

Old Washington hands familiar with the populist dynamics of America's budget-setting process are beginning to have nightmares. Might the US next year end up with a "Christmas tree" budget laden with fiscal goodies? Even if President George Bush favours relative austerity, the argument runs, with the economy stalled, he would be unable to resist pressure from both left and right in Congress for sizeable tax cuts. On Wall Street, the growing fear of fiscal reflation is evident in bond yields that seemed glued to 8 per cent despite plunging inflation.

The White House is looking at taxes because it is desperate to regain the economic initiative. Its faith in an economic rebound has been knocked by a raft of gloomy data – including last week's report that claims for unemployment insurance are back at recession levels. Many forecasters now believe a significant recovery is unlikely before the spring. Even if the feared "double-dip" recession is avoided, growth may be too sluggish to prevent unemployment drifting higher.

If this were a foreign policy crisis, Mr Bush would shrug off short-term unpopularity and provide leadership. On the economy, he radiates uncertainty. He vacillates between saying everything is fine – on the day of the stockmarket's mini-crash he spoke of a "new era of prosperity" – and blaming the recession on Congress for refusing to implement his domestic policies. Neither stance reassures an anxious public. To make matters worse, Mr Bush appears incapable of articulating a coherent economic strategy. He just staggers from one briefing to the next, emitting a stream of half-baked proposals.

Yet abysmal communication skills should not be confused with actual policies. Given his difficult economic inheritance, Mr Bush's actions have not been so badly misjudged. He was right to abandon his "no new taxes pledge" and strike a budget agreement with congressional Democrats. The 1990 accord will not prevent the deficit ballooning to $350bn or more this fiscal year, but it probably stabilised the structural deficit in the longer run – an achievement after the profligacy of the Reagan years.

He was also right to propose far-reaching banking reforms (stymied by Congress) and to press aggressively for lower interest rates. If the Federal Reserve had eased monetary policy more decisively last autumn, credit would have expanded faster this year and the economy might now be less sickly.

Yet having presided over the longest period of economic stagnation since the 1930s, Mr Bush is inevitably on the defensive. His problems largely reflect the legacy of the "Voodoo economics" he denounced before becoming President Reagan's running mate in 1980. Three years ago, Mr Bush inherited huge budget and trade deficits, chronically overbuilt real estate markets, bloated and inefficient service industries, and a private sector reeling under record debt burdens. The US economy was so unbalanced that it is hard to see how any policies could have avoided a prolonged slowdown. Somebody had to clear up after Mr Reagan's party.

As he weighs policy options, Mr Bush must decide whether most voters understand these realities (and thus will support austerity) or still hanker for a "magic bullet" – such as tax cuts – that would painlessly restore prosperity. By early next year, an embattled Mr Bush may be facing a conservative challenger in Republican primaries as well as a pack of Democrats emboldened by his economic travails. Could he sell a revenue-neutral mouse of a "growth package" involving modest cuts in capital gains taxes, investment incentives and a few bones for Democrats? Such a package would not inject purchasing power into the economy and would thus provide virtually no short-run stimulus.

If the economy still seems stalled, White House strategists will surely be tempted by the apparently bolder option of overriding the budget agreement and announcing a sizeable package of tax cuts – say up to $50bn. Addressing the nation from the Oval Office, the president could emphasise his long-run goal of deficit reduction, but argue that "when Americans are hurting" his first priority must be to "get the economy rolling again". Carefully crafted, a package centred on tax incentives for investment might receive wide support. However, with both parties anxious to avoid a repeat of the debilitating fight over the 1990 budget accord, tax-cutting legislation next year would have to include concessions to all political interests – hence the the Christmas tree image.

A net tax cut could easily misfire. Much of the benefit would not be felt until after next November's election. Bond yields might rise sharply. Although some economists believe the direct stimulus to spending would offset the negative effects in the short run, it would reduce saving and undermine longer-term growth prospects. And if Mr Bush jettisons the discipline of the budget pact, he will have flip-flopped on taxes for a third time.

Yet unless Mr Bush's poll ratings start to climb, past reversals and his own hyperactivity suggest he will be tempted to play the tax card in January. With so many factions calling for tax cuts and political time horizons so short, he may decide nothing is riskier than appearing passive while the economy founders.

JOTTER PAD

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 24.11.91: Pool purchase price £/MWh	Final Prices for Trading on 27.10.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.88	15.82	15.82
0100	17.00	15.82	15.82
0130	17.49	15.83	15.83
0200	17.49	16.65	18.28
0130	--.--	17.11	18.75
0200	--.--	17.11	18.78
0230	17.00	16.65	18.28
0300	17.00	16.63	18.15
0330	16.92	15.90	15.90
0400	16.46	15.82	15.82
0430	16.43	15.82	15.82
0500	16.39	15.82	15.82
0530	16.35	15.83	15.83
0600	16.36	15.83	15.83
0630	16.34	15.82	15.82
0700	16.34	15.85	15.85
0730	16.34	15.85	15.85
0800	16.34	16.60	18.13
0830	16.36	16.63	18.27
0900	16.34	16.63	18.28
0930	16.45	16.63	18.27
1000	16.75	17.00	18.66
1030	16.92	16.88	18.54
1100	17.25	17.00	18.65
1130	17.25	17.00	18.65
1200	17.25	17.00	18.65
1230	17.28	17.00	18.68
1300	17.25	17.00	18.66
1330	17.25	17.00	18.64
1400	17.25	17.00	18.65
1430	17.25	17.00	18.65
1500	16.44	15.88	15.88
1530	16.44	15.82	15.83
1600	17.25	15.85	15.86
1630	17.25	15.86	15.86
1700	17.28	15.86	15.88
1730	18.82	17.53	19.19
1800	22.00	18.55	20.34
1830	25.00	20.67	22.63
1900	25.00	20.87	22.83
1930	23.00	19.10	20.79
2000	18.82	19.10	20.79
2030	17.25	17.91	18.57
2100	17.25	17.26	18.90
2130	17.25	17.26	18.90
2200	17.25	17.26	18.90
2230	16.75	17.00	18.54
2300	16.45	16.91	16.91
2330	16.39	15.82	15.82
2400	16.40	15.81	15.81

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 25.11.91: Pool purchase price £/MWh	Final Prices for Trading on 28.10.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.40	15.81	15.81
0100	16.53	15.86	15.86
0130	16.96	17.00	19.14
0200	16.93	17.00	19.14
0230	16.76	15.86	15.86
0300	16.76	15.85	15.85
0330	16.45	15.82	15.82
0400	16.43	15.82	15.82
0430	16.39	15.82	15.82
0500	16.39	15.82	15.82
0530	16.48	15.88	15.88
0600	16.47	15.86	15.88
0630	16.82	16.03	16.03
0700	16.56	17.82	20.00
0730	17.57	18.11	20.39
0800	17.79	19.24	21.46
0830	18.59	19.25	21.48
0900	18.71	20.32	22.58
0930	22.90	26.58	29.05
1000	27.41	25.59	28.07
1030	27.41	25.59	28.06
1100	27.41	25.60	28.08
1130	27.42	26.16	28.68
1200	27.42	26.18	28.67
1230	35.85	26.17	28.64
1300	35.92	26.15	28.59
1330	22.96	19.25	21.44
1400	21.89	19.24	21.43
1430	18.54	18.33	18.33
1500	18.54	18.40	18.40
1530	17.06	18.31	18.31
1600	19.01	21.49	23.75
1630	37.91	27.70	30.41
1700	49.45	35.14	39.75
1730	50.40	40.35	45.40
1800	40.62	40.15	45.09
1830	29.24	35.48	38.93
1900	18.81	28.24	30.85
1930	18.72	23.61	25.83
2000	18.49	21.50	24.14
2030	18.34	19.24	21.42
2100	18.34	19.24	21.42
2130	18.34	19.24	21.42
2200	18.61	19.24	21.43
2230	16.94	16.03	16.03
2300	16.49	15.82	15.82
2330	16.43	15.80	15.80
2400	16.44	15.86	15.86

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Is Mrs Thatcher listening?

IAN DAVIDSON
on Europe

Mrs Margaret Thatcher has been baying to the moon her anguished hostility to the federalist implications of the European Community treaty which is about to be agreed in Maastricht. Before many moons have passed, however, she will be calling for an acceleration in the federalist process, for the sake of Britain's relationship with the US.

Or at least she should do so, if her rhetoric means anything: time will show whether she is merely an ante-diluvian Little Englander. But if there is any meaning in her passionate professions of loyalty to Atlanticist ideals, she will have no option but to press for a more federal Europe.

Anyone who is tempted to dismiss this proposition as a preposterous paradox, should answer the following question: if the Community does not move quite a long way down the federalist road, how are we to safeguard and update Europe's vital relationship with the US?

This question is so important that it deserves a serious answer. For the sake of the good of the world, therefore, I am prepared to offer a bottle of bubbly to the first plausible solution which is non-federalist. And because it is the good of the world which is at stake, the terms of the competition will be reasonably generous: there is no closing date.

Yet the question is urgent, because the dilemma of the relationship between Europe and the US risks being shunted aside by the pressure of other issues forcing their way onto the Community's agenda. For the first consequence of the Maastricht treaty which will be agreed in two weeks, is that the Community will be forced to develop a political response to the demands of the many other European countries, in east and west, which are pressing to be allowed to join.

This treaty will therefore open a period of colossal geopolitical metamorphosis, both for the Community and for the rest of Europe. But the central point is that the Community must decide. Indeed, it is not going too far to say that the Twelve will be compelled to decide the future political structure of the whole of Europe, from the Atlantic to the Urals. They cannot avoid this set of decisions, they cannot share it, and they cannot postpone it for very long.

The question of federalism will be central. Even if the word is not mentioned, the Maastricht treaty will launch the Community irrevocably towards internal federalism, though there is no reason to assume it will be painless. The federalist implications of the programme for economic and monetary union are self-evident; progress towards a common foreign and security policy is likely to be more halting, but just as compelling.

Just as compelling, because of the long list of applicants. The conventional wisdom among orthodox Europeans is that the Community cannot refuse membership to democratic European countries; but in that case it must become more federal, if it is not to come to a complete standstill.

With the admission of those countries in western Europe which already qualify, the Community could plausibly number 19 or 20 members; with the (later) admission of new democracies in eastern Europe, it could number 25 or even 30. Decision-making is not easy now; with 25 it would be quite impossible.

This conventional wisdom is based on ideals of generosity and morality: after the Iron Curtain has been overthrown, the Community cannot decently erect a new barrier to exclude the east from the political and economic benefits of the west. But morality is not always a reliable guide to political decisions: once member states digest the internal political implications, they may not be in such a hurry for a far-reaching enlargement.

Where they have no choice, however, is in a colossal strengthening of the federal principle in foreign, security and defence policy. Whether it admits new members or not, the Community will be a new-style superpower on the European continent, and outside forces will compel it to develop a strong foreign policy. Of course, the Community will not adopt its foreign policy by majority vote: that is a typical Community red herring. But the reality will be that no member state will be able to have a national foreign policy on any issue of importance.

Which brings us to the US. With the collapse of communism, some people said that the US was now the only superpower; with the US triumph in the Gulf War, they said it louder; but the reality is less comfortable. The US cannot construct a superpower strategy on fighting wars in the Middle East; nor even on mediating peace in the Middle East. If it is to remain a superpower, it must solve the central quandary, which is a new relationship with Europe.

With the end of the cold war, America's role as the military-strategic leader of the west has also ended. That role was defined by the Nato alliance; but in the absence of a real Soviet threat, Nato cannot long survive in its present form, and it cannot be re-shaped as a political organisation so as to perpetuate American leadership.

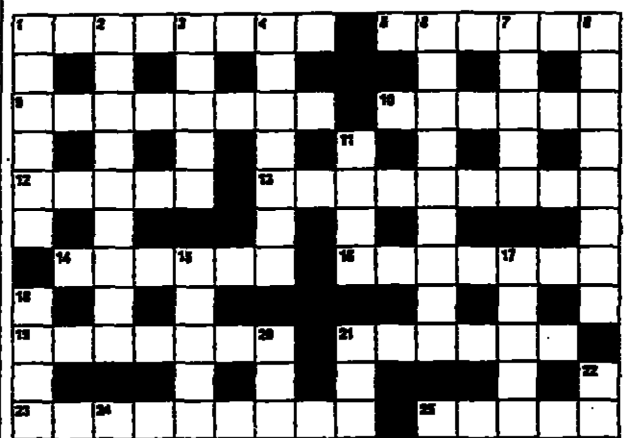
The key words in that sentence are: "in its present form". Europe needs a defence strategy based on a European-American alliance; the Nato arrangement of sovereign states inevitably gives America the leadership; but the Europe of Maastricht will not accept the old American leadership.

At the Nato summit in Rome, the US conceded the principle of a European defence embryo. But if we want to maintain and update the European-American strategic partnership, we must go much further, with a new politico-strategic treaty between the Community and the US. Only with such a treaty can we hope to guarantee the continued involvement of the Americans, and the future independence of the Europeans.

Mrs Thatcher, are you listening?

CROSSWORD

No.7,707 Set by QUARK



ACROSS

1 One could be held in jug (8)
5 It's of little help to the poacher (3,3)
9 Disease of fruit we hear repeated (8)
10 Sailor gets pip around underwater place (6)
12 Area where insect endlessly appears (5)
13 Cast her in long music-drama (9)
14 Firm's store attacked with blunt instrument (6)
16 Wind to go in no particular direction (7)
19 Although no photographer, he likes to take animals (7)
21 Nervous – about to make mistake? Get a drink (6)
23 Cat's-paw? Be non-committal (9)
25 Self-esteem shown by a group of animals (5)
26 Fight after a dance? It maintains raised temperatures (6)
27 Settler's turn for round in local (8)
28 Runs slowly without the French mannerisms (6)
29 Unusual grounds presented to the United Nations (8)

DOWN

1 With plenty of life, could be at the party (6)
2 Very eager in various company moves (9)
3 It's a puzzle about the public transport (5)
4 Mangled clothes came to the fore (7)
6 Work unit turns up to secure the fruit (9)
7 I'm seen at the toss-up in games (6)
8 Over-insistence on rules deny part exchanges (9)
11 Autocrat is seen in such a monarchy (4)
15 Plant with line in pure wine (9)
17 A most original theory (9)
18 When the fall's very warm, it's difficult to return (4,4)
20 Secure vessel coming up in space (4)
21 Don't stand for a protest (3,4)
22 Composer from abroad is in Europe (6)
24 Needles in making hasty line decision? (5)
25 Picture when it's hot in the river (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday December 7.

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Crédit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
• Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	• Robert Fleming & Co	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptrs	11	• Smith & Williamson Secs	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	• Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	• Hambros Bank	10.5	Unitank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	• United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
• Brown Shipley	10.5	• Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co	10.5	Westpac Bank Corp	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	• Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

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